

STATE OF WISCONSIN
Department of Commerce
(DUNS No. 80-903-6098)

2004 CONSOLIDATED PLAN ANNUAL PLAN

April 1, 2004 - March 31, 2005

State of Wisconsin ■ Jim Doyle, Governor
Department of Commerce ■ Cory L. Nettles, Secretary

TABLE OF CONTENTS

INTRODUCTION.....	i
HOUSING PROGRAMS	
NEW RESOURCES	1
PRIORITIES AND OBJECTIVES FOR 2004-2005	4
METHOD OF DISTRIBUTION	12
GEOGRAPHIC DISTRIBUTION	15
HOMELESS AND OTHER SPECIAL NEEDS	18
OTHER ACTIONS	20
MONITORING.....	26
SPECIFIC SUBMISSION REQUIREMENTS FOR CDBG AND HOME	27
CITIZEN PARTICIPATION	31
TABLE 1: DCD BUREAU OF HOUSING 2004-2005 GOALS	32
NON-HOUSING COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	
CITIZEN PARTICIPATION/CONSULTATION.....	33
FINANCIAL RESOURCES AND USES.....	35
OBJECTIVES AND ACTIVITIES FOR 2004-2005	37
METHOD OF DISTRIBUTION.....	44
GEOGRAPHIC DISTRIBUTION.....	45
INTER-AGENCY AND PROGRAM COORDINATION.....	45
MONITORING.....	47
APPENDIX A: DEPARTMENT OF COMMERCE CDBG HOUSING ADMINISTRATIVE RULE	
APPENDIX B: CERTIFICATIONS	
APPENDIX C: RISK EVALUATION FOR GRANTEE MONITORING FOR THE HOMELESS, HOME AND CDBG AND CDBG - EAP PROGRAMS	
APPENDIX D: PERCENT OF HOMES BUILT PRIOR TO 1950	
APPENDIX E: LEAD BASED PAINT CONTRACTORS AND COMMUNITIES	
APPENDIX F: POPULATION DENSITY BY CENSUS BLOCK GROUP	
APPENDIX G: APPLICATION DOCUMENTS – ANNUAL HOUSING COMPETITION, SPECIAL PROJECT SETASIDE AND EMERGENCY ASSISTANCE PROGRAM	
APPENDIX H: WISCONSIN SERVICEPOINT – FRONT DOOR	
APPENDIX I: CDBG HOUSING REGIONS	

INTRODUCTION

This *Annual Plan* is the fifth and final to be submitted to the U.S. Department of Housing and Urban Development under the State of Wisconsin's Consolidated Plan for 2000 - 2005. It covers the program year that begins April 1, 2004, and ends March 31, 2005.

This *Annual Plan* outlines the anticipated HUD Community Planning and Development formula allocation revenues that the Department of Commerce (COMMERCE) expects to receive for the program year. It lists state and private resources that augment the federally supported housing activities. The *Plan* also describes actions that COMMERCE will undertake in carrying out HUD- funded programs, the method of distributing all funds, the geographic distribution of funds (as applicable), and other relevant activities. Commerce is pursuing a number of ideas that will support Governor Doyle's GROW WISCONSIN initiative to stimulate Wisconsin's economy and create good paying jobs. Over the course of the next year certain state and federal funds as well as application and funding processes may be modified to provide more focused targeting of resources to grow the state's economy.

The *Annual Plan* follows the format that HUD's Office of Community Planning and Development recommended in its publication, "Draft Guidelines for Preparing A State Consolidated Strategy and Plan Submission For Housing and Community Development Programs," the most recent edition of which was released on September 15, 1995. In addition, this *Plan* incorporates responses to requirements that HUD has promulgated through *Federal Register* notices since the guidelines' release.

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**The State of Wisconsin
Department of Commerce**

Annual Plan April 1, 2004 - March 31, 2005

NEW RESOURCES

HUD COMMUNITY PLANNING AND DEVELOPMENT FORMULA ALLOCATION PROGRAMS

Program	HUD Authorization	Program Income/ Recaptured Funds	TOTAL FUNDS	Fiscal Year Of HUD Authorization
Community Development Block Grant (CDBG)	\$33,079,128	\$2,850,000	\$35,929,128	FY'04
<i>Housing*</i>	<i>9,924,000</i>	<i>350,000</i>	<i>10,274,000</i>	<i>FY'04</i>
Home Investment Partnership Program (HOME)	13,605,972	0	13,605,972	FY'04
ADDI 2003	728,377		728,377	FY'04
ADDI 2004	804,156		804,156	FY'04
Emergency Shelter Grants (ESG)	1,908,166	0	1,908,166	FY'04
Housing Opportunities for Persons with AIDS (HOPWA)	405,000	0	405,000	FY'04
TOTAL REVENUE- HUD CPD PROGRAMS	\$50,530,799	\$2,850,000	\$53,380,799	

**Up to \$2,000,000 in CDBG Housing funds have been set aside from the FY'03 authorization for the CDBG Emergency Assistance Program (CDBG-EAP). These '03 funds will be available to the EAP program until the FFY 04 funds are issued*



RESOURCES FOR HOUSING

Leveraging of Other Resources with Federal CPD Formula Funds

These federal programs leverage other resources:

CDBG Housing: Units of government that receive CDBG Small Cities Housing funds may use portions of their grants for homeownership assistance. Under current regulations, they may provide (as a loan, usually deferred payment) assistance with closing costs, up to 50% of the down payment, and rehabilitation costs that create equity toward the down payment. This homeownership assistance leverages private mortgage financing. In addition, the uses of CDBG funds for owner-occupied and renter-occupied rehabilitation leverage additional rehabilitation funding from nonprofit, private and public sources. Finally, neighborhood improvements may leverage public financial support. The annual total leverage of the CDBG Housing program is over \$6 million.

HOME: Agencies that receive HOME support leverage additional funds through financial contributions and mortgage financing. The estimated total leverage of the HOME program in the coming year is \$23,500,000 (this total includes matching funds, which are discussed below).

ESG: Leveraging of other funds is not required under the Emergency Shelter Grant Program.

HOPWA: Leveraging of other funds is not required under the Housing Opportunities for Persons with AIDS Program. However, DCD will require HOPWA grantees in 2004-2005 to document other resources (donations, volunteer labor, etc.) for HOPWA activities. During the next year of operation, it is estimated that the HOPWA grantees will generate \$225,000 in matching resources.

Meeting Matching Requirements of Federal Funds

CDBG: For project funds, including administration at the local level, some CDBG-funded programs require that units of government provide a match. COMMERCE requires recipients of Public Facilities for Economic Development, Blight Elimination and Brownfield Redevelopment programs to provide a match of at least 25 percent of the total project costs. For its Public Facilities Emergency Grant Program, at least one-third of project costs is required as match. For Economic Development and for the Planning Grant Program the applicant must provide 25% of total project costs. For administrative funds at the state level, CDBG regulations necessitate a dollar-for-dollar match except for the first \$100,000 expended. COMMERCE meets the matching requirement through state-funded staff whose activities support the purposes of the CDBG program.

HOME: The regulations of the HOME program require a 25% match for project funds. Agencies may choose to seek an overall 25% match for all of the projects that they undertake. Examples of matching sources are: foregone taxes and fees (e.g., banks and attorneys may waive all or a portion of their fees, municipalities may reduce taxes); bond financing; reduced or donated site preparation costs (including construction materials and labor); and, donated land and/or infrastructure. In addition other sources include numerous state programs (DCD's Housing Cost Reduction Initiative, Department of Health and Family Services' Community Options Program and Community Integration Program, the WHEDA Foundation, Department of Administration's Division of Energy's Public Benefits Program) and local contributions.

ESG: Each city, county or nonprofit organization that receives Emergency Shelter Grant funding is required to match its grant dollar-for-dollar. (The State does not need to match administrative funds.) Agencies in the "balance of state" (non-metropolitan counties listed in the "Geographic Distribution" section of this *Update*), as a group, have exempted \$100,000 from their matching requirement, due to the greater difficulty of locating funds in rural areas. The grantees use CDBG funds, private donations, and in-kind staffing and volunteer time locally, to meet the match requirements. The State Transitional Housing Program (\$375,000) will be a part of a combined ESG/THP application package and THP funds can also be used as match.

HOPWA: Matching funds are not required under HOPWA regulations, either for administration or recipients.

SHP: The Supportive Housing grant proposal identified \$884,990 as match for the supportive services portion of the program.

RESOURCES FOR HOUSING HUD COMPETITIVE PROGRAMS AND OTHER FEDERAL FORMULA PROGRAMS

Federal Program	Anticipated New Revenue	Comments
Youthbuild	\$ 645,000	Up to six WI Fresh Start Projects*
Continuum of Care Homelessness Assistance	5,226,563	From FY'03 competition to be implemented in 2004
TOTAL NEW FEDERAL RESOURCES	\$5,871,698	

*5 Rural and 1 Urban

The State applied for \$5.2 million for 17 projects in 2003, 12 renewal projects and five new projects. The application was in collaboration with the Wisconsin Community Action Program Association, 15 Community Action Agencies, the Foundation for Rural Housing, the State of Wisconsin Department of Veterans Affairs, Wisconsin Department of Health & Family Services, Waukesha County Housing Authority, Washington County Homeless Coalition, WHEDA, Kenosha Human Development Services, Salvation Army's of La Crosse and Green Bay, New Horizons, and Starting Points. This application addressed the needs of the homeless population in 69 of 72 Wisconsin counties and 13 of the 16 CDBG entitlement communities. Funds will be available to the subgrantees in mid-2004. The Continuum of Care program will focus on the provision of permanent housing for homeless disabled persons, expansion of the Wisconsin ServicePoint and Front Door data systems, transitional housing, and supportive services to homeless individuals and families. The DCD is currently working with the sub-grantees to transfer the contracting and administration of the individual projects from DCD directly to HUD.

RESOURCES FOR HOUSING STATE PROGRAMS

State Program	Anticipated New Revenue
Housing Cost Reduction Initiative (HCRI)	\$2,800,300
Local Housing Organization Grants (LHOG)	500,000
State Shelter Subsidy Grant (SSSG)	1,131,000
Transitional Housing Grant (TH)	375,000
TOTAL NEW STATE RESOURCES	\$4,806,300

RESOURCES FOR HOUSING PRIVATE RESOURCES

Program	Anticipated New Revenue	Comments
Homeless Shelter Programs (ESG, TH & SSSG)	\$230,000	Interest Bearing Real Estate Trust Accounts (IBRETA)
TOTAL NEW PRIVATE RESOURCES	\$230,000	

PRIORITIES AND OBJECTIVES FOR 2004-2005

PRIORITIES

The State of Wisconsin's priorities for housing are similar to the priorities we have established in our new Consolidated Plan for 2000 to 2005. The Division of Community Development updated its priorities for homeless needs based on a gaps analysis that it completed this past year.

The following tables summarize these priorities:

PRIORITY HOUSING NEEDS		<u>Priority Need Level</u>			
		<i>income by % of median</i>	0-30%	31-50%	51-80%
RENTER	Small Related	Cost Burden >30%	Medium	Medium	Medium
		Cost Burden >50%	High	High	Medium
		Substandard	High	High	Medium
		Overcrowded	High	High	Medium
	Large Related	Cost Burden >30%	Medium	Medium	Medium
		Cost Burden >50%	High	High	Medium
		Substandard	High	High	Medium
		Overcrowded	High	High	Medium
	Elderly	Cost Burden >30%	Medium	Medium	Medium
		Cost Burden >50%	High	High	Medium
		Substandard	High	High	Medium
		Overcrowded	High	High	Medium
OWNER		Cost Burden >30%	Medium	Medium	Medium
		Cost Burden >50%	High	High	Medium
		Substandard	High	High	Medium
		Overcrowded	High	High	Medium

PRIORITY HOMELESS NEEDS	<u>Priority Need Level</u>		
	Families	Individuals	Persons w/ Special Needs
Assessment/Outreach	Medium	High	High
Emergency Shelter	Medium	Medium	Medium
Transitional Housing	Medium	Medium	High
Permanent Supportive Housing	High	High	High
Permanent Housing	High	High	High

HOUSING OBJECTIVES AND ACTIVITIES

The State's general housing objectives for 2004-2005 are below. The estimated number of households that will be aided and a discussion of the programs the state will use to address these 6 objectives is included below.

1) Promote the increase, maintenance, preservation, and affordability of housing to all consumers, especially those with severe cost burdens.

Summary of Households to be Assisted Under This Objective

Program	Renters	Homebuyers	TOTAL
CDBG	0	30	30
HOME	160	275	435
HCRI	2,200	400	2,600
LHOG	1,200	400	1,600
TOTAL	3,560	1,105	4,665

DCD seeks to achieve this objective primarily through programs focusing on renter and homebuyer assistance.

Rental Assistance

CDBG: Local units of government receiving CDBG-Housing funds may use their funds to provide low or 0% interest loans to landlords agreeing to provide affordable decent housing to LMI households.

HOME: Under HOME regulations, the State may disburse HOME funds to public housing authorities or other entities with prior rent assistance experience, for tenant-based rent assistance and security deposits. The Bureau of Housing plans to establish a limited number of HOME TBRA pilot programs. Designated agencies would target families or individuals who are at risk of losing their housing (from statistical data from Emergency Housing Counseling Programs); teenage parents (identified by area schools) who are enrolled in high school or continuing education; or, those who are transitioning from a W-2 payment position to unsubsidized employment. BOH may also target residents with disabilities at risk of being displaced. In the coming year HOME estimates it will assist 160 renter households.

HCRI: Through a competitive grant process, locally based organizations throughout the state may obtain HCRI funding to assist with entry costs (first and last month's rent, security deposits), rent arrearages, utility deposits and payments, and short term subsidies. In the coming year, HCRI estimates that its grantees will assist approximately 2,200 renter households.

LHOG: Local Housing Organization Grants provide support to facilitate the creation of additional affordable housing opportunities and to increase the long-term capacity, self-sufficiency and stability of local housing organizations, through activities such as housing counseling, information and referral, and placement. LHOG expects its grantees to assist 1,200 rental households in 2004-2005.

HOPWA: Grantees may provide project- or tenant-based rental assistance, including assistance for shared housing arrangements. In addition, they may make short-term rent, mortgage and utility payments to prevent the homelessness of the tenant or mortgagor of the dwelling. (All HOPWA clients to be assisted are estimated under the fourth objective, "Housing for Persons with Special Needs.")

Transitional Housing: Grantees under the state-funded Transitional Housing program may provide rental assistance to assist their participants in attaining self-sufficiency. (All TH clients to be assisted are estimated under the fourth objective, "Housing for Persons with Special Needs.")

Emergency Shelter Grant: Under the Prevention category, the State may provide funds to grantees to assist individuals and families in retaining their current housing through the payment of back rent,

mortgage or utility payments. In addition, first month's rent and security deposits may be paid to aid individuals and families in their transition from homelessness to permanent housing. (All ESG clients to be assisted are estimated under the fourth objective, "Housing for Persons with Special Needs.")

Homebuyer Assistance:

CDBG: Units of local government may use CDBG funds for Homebuyer programs. They may provide closing costs up to 50% of down payment cost assistance and rehabilitation loans that create equity toward down payment. In the coming year, DCD expects that its CDBG Housing recipients will aid 30 homebuyer projects.

HOME: Homebuyer acquisition assistance may be used to provide closing cost, down payment assistance, new construction financing, and moderate or substantial rehabilitation. DCD anticipates that its HOME Homebuyer recipients will assist 275 homebuyers.

ADDI: The American Dream Downpayment Initiative will be implemented as part of existing HOME programs administered by DCD. ADDI 2003 funds will be used for downpayment assistance (including down payment and closing costs) toward the purchase of a single-family home by low-income families who are first-time homebuyers. Starting with ADDI 2004 funds, home repairs to ensure the unit meets HQS and local codes will also be an eligible use of the funds. Funding for home repairs may not exceed 20% of the assistance provided. Maximum assistance provided to a low-income household may not exceed 6% of the purchase price of the unit or \$10,000 whichever is greater. Recipients of assistance under this initiative will be required to complete homebuyer education. Outreach will be completed at the local level to ensure that all eligible households are made aware of funding availability.

HCRI: Through a competitive grant process, locally based organizations throughout the state may obtain HCRI funding to assist homebuyers with closing costs and other financial assistance (unlike CDBG and HOME, rehabilitation expenses are ineligible). For 2004-2005, DCD expects its HCRI grantees will assist 350 homebuyer households.

LHOG: The LHOG program has been a popular vehicle for local organizations to fund budget counseling, homebuyer counseling, self-help housing activities and Habitat for Humanity assistance. DCD anticipates that its LHOG grantees will aid 300 households in 2004-2005.

Homeowner Assistance:

HCRI: Through a competitive grant process, locally based organizations throughout the state may procure HCRI funding to assist homeowners with utility bills, property tax arrears, and temporary mortgage relief. For 2004-2005, DCD expects that its HCRI grantees will assist 50 owner households.

LHOG: Homeowner assistance under the LHOG program focuses primarily on counseling services, however the program expects to assist 100 households in maintaining homeownership in 2004-2005. * DCD anticipated its LHOG grantees would assist 2,200 households in counseling services. Counseling for LHOG is broken down by tenure on page 10 of the plan.

**In the Habitat for Humanity and self-help housing activities, assistance is in the form of construction oversight as well as counseling.*

2) Encourage the production of new units, including the development of large family units and elderly housing with accompanying support services.

Summary of Households to be Assisted Under This Objective

Program	Rental Units	Owner Units	TOTAL
CDBG	0	10	10
HOME	110	30	140
TOTAL	110	40	150

DCD addresses this priority primarily through the HOME Program. The Low Income Housing Tax Credit Program, located at the Wisconsin Housing and Economic Development Authority (WHEDA), also addresses this priority for the state.

CDBG: Traditionally, a small amount of new housing production occurs under the CDBG Program, including site acquisition and development. The most recent CDBG recipients will assist in creating ten new units in 2004-2005.

HOME: DCD commits a portion of HOME program funds for new construction of rental properties and homebuyer new construction. Applications from organizations may be reviewed on the basis of program category preferences, projects, need, feasibility, geographic area, strength of organization development team, project management and compliance with HOME regulations. The likelihood that the project can be completed and sustained through the period of affordability will also be considered. For 2004-2005, DCD estimates that HOME recipients will build or substantially rehabilitate 110 rental units and 30 ownership units. Of the 110 rental units, approximately 25 will be for households with disabled or frail elderly persons; these households are listed under the fourth objective "Housing for Persons with Special Needs". Through the Wisconsin Fresh Start Program, two rental units and twelve owner units will be assisted.

LHOG: Organizations may apply for LHOG funds to support pre-development costs and construction oversight. Many of these projects are for disabled or frail elderly persons and large families. This activity is described more extensively under the fourth objective "Housing for Persons with Special Needs".

Low Income Housing Tax Credit: The Wisconsin Housing and Economic Development Authority administers the Affordable Housing Tax Credit Program. These credits are allocated annually to developers and then sold to generate equity in specific developments. Developers agree to maintain a percentage of units as affordable for 15-30 years. In 2003, WHEDA allocated \$9.5 million of federal Low Income Housing Tax credits for the development of 1,626 affordable rental housing units.

Private Activity Bonds: WHEDA annually issues from \$225-300 million of federally tax-exempt Private Activity Bonds to fund single family and multifamily mortgages at below market interest rates. Low-cost lending rates make homeownership and rents affordable for lower-income Wisconsin families and seniors

Other WHEDA Housing Resources: WHEDA's General Fund supports special housing programs. The Dividends for Wisconsin program typically provides from \$6-9 million of general reserves annually for housing programs that serve special markets and populations. At least \$500,000 of Dividends is available each year for grants that develop special needs housing for the homeless, domestic abuse victims, persons with disabilities, frail elderly and others.

3) Preserve and increase the availability of safe, sanitary housing for low- and moderate-income owners and renters, including lead-based paint hazard reduction and the enhancement of training and other resources for these activities.

Summary of Households to be Assisted Under This Objective

Program	Rental Units	Owner Units	TOTAL
CDBG	18	510	528
HOME	138	250	388
Lead Paint	24	51	75
TOTAL	180	811	991

COMMERCE and Department of Administration - Division of Energy programs address the rehabilitation of existing units in order to improve energy efficiency, to bring housing into code compliance, and to preserve the quantity of low-income housing in the state. These rehabilitation programs include:

CDBG: Rehabilitation under the CDBG program focuses on major systems such as roofs, electrical wiring, heating, plumbing, foundations and structural members, wells, and septic systems. In addition, the program repairs or replaces siding, doors, and windows to reduce lead-based paint hazards. DCD expects CDBG rehabilitation activities to upgrade 18 rental units and 510 owner-occupied units in 2004-2005. The CDBG program estimates that four of the 18 rental projects, and 200 of the 510 owner projects will address lead-based paint.

HOME: DCD undertakes the rehabilitation of both rental and owner-occupied units with HOME funding. Rental property owners may receive a low-interest loan for up to 75% of the cost of repairs. Homeowners may receive funds for making essential improvements in conjunction with weatherization services provided. Improvements must total a minimum of \$1,000 per unit and not exceed the maximum subsidy limit that HUD sets on a county-by-county basis. In the coming year, DCD anticipates that HOME funds will aid in the rehabilitation of 138 rental units and 250 owner-occupied units (both new homebuyers and existing homeowners). The HOME program estimates that 28 of the rental unit projects and 50 owner unit projects will address lead-based paint issues.

Lead Based Paint Abatement: This program is supported through a HUD Lead-Based Paint Hazard Control Renewal Grant awarded in FY'02 covering two years. The program provides for three levels of service: outreach/education, blood lead screening, and lead hazard reduction. Both owner- and renter-occupied housing units are eligible. For the 2004-2005 program year, the Division of Energy estimates that its Lead Hazard Reduction grantees will rehabilitate 24 rental and 51 owner units, excluding the City of Milwaukee which receives funds directly from HUD.

4) Provide housing assistance for special needs groups to include homeless prevention activities, expansion of transitional housing programs and increased emergency shelter operating funds.

Summary of Households to be Assisted Under This Objective

Program	Homeless	Special Needs	TOTAL
CDBG	0	50	50
HOME	0	62	62
ESG & SSSG	36,000	0	36,000
HOPWA	0	217	217
HCRI	350	300	650
LHOG	770	150	920
TOTAL	37,120	779	37,899

DCD provides many types of resources (both federal and state) for homeless persons and people with special needs. The following programs are used for homeless and special needs citizens:

CDBG: Units of local government may use CDBG funds for accessibility improvements in owner-occupied homes. Of the 320 owner-occupied units CDBG will complete under preserving and increasing the availability of safe, sanitary housing objective, 50 of those units will include accessibility improvements in 2004-2005.

HOME: The HOME program allocates funds for moderate rehabilitation and accessibility improvements for low-income persons with disabilities. These funds are distributed through local contractors throughout Wisconsin to identify and work with eligible households. It is anticipated that 62 owner-occupied households will be aided through these contracts in the coming year.

ESG: The federal Emergency Shelter Grant program is used to improve the quality of emergency shelters, make additional shelters available, meet the costs of shelter operation, and provide prevention programs and essential social services to homeless individuals and families.

SSSG: The State Shelter Subsidy Grant covers up to 50% of the operating costs of local homeless shelter programs. DCD distributes funds to units of local government and organizations throughout the state on a formula basis. In the next year, DCD estimates that its grantees will provide sheltering and prevention services for 36,000 homeless and at-risk households.

HOPWA: The Housing Opportunities for Persons with AIDS Program is designed to provide eligible applicants with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with AIDS or related diseases and their families. Recipient organizations may use funds for a wide variety of housing assistance—such as support services, rent and utility assistance, security deposits and housing counseling—aimed at preventing homelessness. An estimated 217 individuals will be aided in this coming year.

HCRI: Organizations may apply for HCRI funds to assist homeless households with entry costs, such as first month's rent, security and utility deposits, as well as providing short-term rent subsidies. DCD estimates that its HCRI grantees will aid 350 homeless households. Organizations may also target HCRI funds to disabled persons for a variety of assistance needs. HCRI grantees will aid 300 households identified as having a physically disabled member or frail elderly member.

LHOG: Organizations may apply for LHOG funds to provide counseling to the homeless and other special needs groups. DCD estimates that 770 homeless households will receive these services. Organizations may also use LHOG funds to support pre-development costs and construction over sight. Generally, the developers produce these units for households with special needs or a disabled member. DCD estimates that LHOG will aid in the development of 150 new rental units for special needs.

Transitional Housing: This state grant program provides funds to assist families who are living in and graduating from transitional housing programs to aid them in accessing permanent housing, education, job training and other services. DCD awards funds on a competitive basis to units of local government and organizations. In 2004-2005, DCD expects to serve 600 households through its Transitional Housing grants. These households are counted under ESG and SSSG.

HUD Continuum of Care: In 2004-2005, the DCD will work with 22 agencies operating 42 projects to provide permanent housing, transitional housing and supportive services to homeless households in the non-metropolitan areas of the state. The Continuum of Care grants will provide funding for one, two, or three-year periods for: 32 new and existing transitional housing programs for homeless individuals and families; one Shelter plus Care program for persons who are homeless and are affected by mental illness; three permanent housing projects for persons who are homeless and mentally ill; one permanent housing project for persons affected by AIDS/HIV; four new and existing supportive service programs; and a state wide homeless management information system (Wisconsin ServicePoint) and resource and housing database (Front Door).

LHOG Counseling: In addition to the households assisted in the previous goals and objectives, the State's Local Housing Organization Grant (LHOG) Program provides considerable assistance in the form of either one to one counseling or group seminar counseling. The following table displays the expected number to be assisted, and is independent of the previous goals and objectives totals.

Summary of Households to be Counseled

	One to One	Seminars	TOTAL
Owner	100	15	115
Renter	40	200	240
Buyer	500	650	1,150
Homeless	30	0	30
TOTAL	670	865	1,535

5) Continue policies and activities that promote fairness and accessibility for all housing consumers, including enforcement and compliance with fair housing laws. Activities under this priority include technical assistance and training for applicants and grantees, increasing counseling and education activities, addressing needs in tribal and minority communities in undeserved areas of the state (such as the northeast and southwest) and assisting in improving access by low-income persons to energy, heating, utility and conservation benefits.

Fair housing is a common purpose across all of the Division of Community Development programs. DCD views its role in achieving this goal as affirmatively creating opportunities for all households to live where they choose. The Division also provides training in fair housing to its grantees and actively participates in the Wisconsin Fair Housing Network.

All DCD contracts contain nondiscrimination provisions. Applicants may seek to fund fair housing activities through the LHOG program. CDBG grantees are required to conduct fair housing activities.

The Department of Workforce Development, through its Equal Rights Division, enforces the State's fair housing law, which prohibits discrimination in housing on the basis of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, lawful source of income, age or ancestry.

One of the primary obstacles to homeownership is a lack of education. Many persons in urban communities are second- and third-generation renters who have no experience with owning a home. WHEDA has worked in Milwaukee to overcome this barrier through a unique program called the Home Buyers Club. The Home Buyers Club is a monthly workshop offered to first-time homebuyers. The Club provides information on home selection, credit and budgeting, home inspections, basic home maintenance, and related subjects. Workshops are conducted by WHEDA staff, lenders, and real estate professionals. Since the first workshops were held in 1990, the Home Buyers Club has attracted more than 10,000 potential buyers.

DCD also plans to require grantees operating homebuyer programs to provide homebuyer counseling.

6) Continue efforts to assist with disaster relief.

CDBG: Up to \$2 million housing CDBG set-aside dollars are annually available to assist with repairs necessitated by disaster.

METHOD OF DISTRIBUTION

The table that follows covers the methods by which federal and state funds, including program income, will be distributed in 2004-2005 in the State of Wisconsin housing programs.

FEDERAL RESOURCES—COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

Program/Subprogram	Method of Distribution
Community Development Block Grant (CDBG)	
<i>Housing</i>	annual request for proposals
<i>Special Housing Projects</i>	applications reviewed on a continual basis
<i>Emergency Assistance Program</i>	applications reviewed on a continual basis
Home Investment Partnership Program (HOME) *	
<i>Homebuyer Assistance</i>	annual request for proposals
<i>Owner Rehabilitation</i>	formula allocation
<i>Owner Rehabilitation for Accessibility</i>	formula allocation
<i>Rental Rehabilitation</i>	competitive proposals through limited set of municipalities and agencies with previous experience in rehabilitation
<i>Rental Housing Development</i>	request for proposals through WHEDA and DCD
Wisconsin Fresh Start	annual request for proposal or grants continuation
Emergency Shelter Grants (ESG)	formula funding to three regions of state, then competitive proposals within regions (see text for explanation)
Housing Opportunities for Persons with AIDS (HOPWA)	fund a lead agency with multiple subgrantees for a two year contract

* Including American Dream Downpayment Initiative

Allocation of CDBG Resources—Housing

The Division of Community Development does not pre-determine statewide amounts to be allocated to owner-occupied rehabilitation and renter-occupied rehabilitation. Instead, decisions on apportioning funds are left to the units of local government who apply for CDBG assistance. It is up to the applicants to identify the housing needs within their communities, prioritize their needs, and develop balanced and appropriate strategies.

The state's goal is to award the CDBG Housing funds in such a way as to assure that the funds benefit, to the greatest extent possible, low- and moderate-income households throughout the state. DCD publishes application guidelines that are modified annually to address the housing needs throughout the state. Approximately two months prior to the application deadline, DCD conducts several information training sessions around the state to explain all aspects of the application process. The information training session schedule is sent to the clerks of all eligible units of local government, as well as to an extensive list of interested parties.

The CDBG-Small Cities Housing Administrative Rule was recently amended. The new rule simplifies the annual application and funding process by awarding funds to the neediest units of local government based on census data and geographic regions. The rule retains the setaside for emergency assistance, and creates an additional setaside for special housing projects; funding that is available as projects generating new units are ready. See Appendix A for the CDBG-Small Cities Housing Administrative Rule.

Awards under the annual funding process are made for 3 different types of activities:

- Homeownership Assistance
- Housing Rehabilitation
- Housing-Related Public Facilities

The Application documents for the Annual Housing Competition, the Special Project Setaside and the Emergency Assistance Program are included here in Appendix G.

Allocation of HOME Resources

The Division of Community Development annually reviews the allocation of HOME funds. The Consolidated Plan guides priorities for this allocation. The Division seeks to encourage a wide variety of affordable housing activities in nonentitlement and some tribal areas of the state.

Proposed HOME Program Amendment

The Department is evaluating the development of Special Project funding setaside that would be utilized for the production of affordable housing units. The funding would be available, as projects are ready rather than on an annual competitive basis.

Awards would be made to applicants meeting the objectives of:

- Providing decent affordable housing for low- and moderate-income households;
- Strengthening the ability of local governments and local housing organizations to provide housing;
- Leveraging private-sector participation; and,
- Smart Growth and Grow Wisconsin initiatives.

Allocation of ESG Resources

The Division of Community Development will distribute FY'04 Emergency Shelter Grant funds, combined with the State Transitional Housing Grant, on a formula basis among three groupings of counties: Milwaukee Metro counties, "Other Metro" counties, and "balance of state"(see "Geographic Distribution" section for groupings). DCD developed this formula using four indicators of the potential risk of homelessness. The indicators draw upon data from the Census estimates of persons in poverty and state-operated programs for each grouping of counties. They include: poverty statistics; the number of female headed households below the poverty level; the number of renter households at 0-30% of median family income with housing costs exceeding 50% of their incomes; and the reported annual incidence of domestic violence by county. After deducting the HUD entitlement amount to Milwaukee, Madison and Racine, the percentages for the three groupings for the distribution of FY'03 funds are:

- 26% Milwaukee Metro counties
- 43% "Other Metro" counties
- 31% Balance of state

Within each of these three areas, DCD makes the ESG allocation available through a competitive request for proposals. The ESG proposal was combined with \$375,000 in THP funds.

Allocation of HOPWA Resources

Beginning in 2003, as a result of the transfer of the Bureau of Housing, DCD will distribute the allocation to entities that operate outside the Milwaukee County four-county metropolitan area and Pierce and St. Croix counties, which are part of the Minneapolis-St. Paul MSA. DCD will make the HOPWA allocation available through a contract with the Aids Resource Center of Wisconsin (ARC/W). The 2003 contract began October 1, 2003. In 2004, the AIDS Resource Center will be required to submit a full application defining the sub-grantees and services available for all areas of Wisconsin outside the Milwaukee and Minneapolis-St. Paul SMSAs. DCD's decisions on funding levels will take into consideration the distribution of individuals who have HIV infections and AIDS, as reported to the Centers for Disease Control. ARC/W subcontracts with several agencies to ensure the provision of housing and services on a statewide basis.

FEDERAL RESOURCES— HUD COMPETITIVE AND OTHER PROGRAMS

<i>Program</i>	<i>Method of Distribution</i>
Continuum of Care Homelessness Assistance	to 17 recipients who were successful applicants for 2003 COC funding
Lead-Based Paint Hazard Control	Five Weatherization program operators have direct subcontracts for their service areas. Other Weatherization program operators may draw upon a pool of funds.
Youthbuild Rural Grant	Local WI Fresh Start agencies
HUD T&TA	Specific TA statewide

STATE RESOURCES

<i>Program</i>	<i>Method of Distribution</i>
Housing Cost Reduction Initiative (HCRI)	annual request for proposals
Local Housing Organization Grants (LHOG)	annual request for proposals
State Shelter Subsidy Grant (SSSG)	annual request for proposals
Transitional Housing Grant (TH)	annual request for proposals in coordination with HUD ESG
Wisconsin Fresh Start	Competitive request for proposals or renewals

Wisconsin Fresh Start is a program that is collaboration among several state agencies and local operators. As a Governor's initiative that began in 1998, the Fresh Start program replicates Operation Fresh Start, based in Madison. The purpose of the program is to provide at-risk young people with education, employment skills, and career direction leading to economic self-sufficiency. The program is designed to provide on-site housing construction and rehabilitation work experience, off-site academic classes, and supportive services for young people—primarily high school dropouts—ages 16 to 24. Twelve existing sites are currently being supported. In 2004, Youthbuild funds will be available for five rural sites and a collaborative effort with the Milwaukee County Private Industry Council will increase the number of sites in Milwaukee to four using Department of Labor REACH and Step Up funding.

GEOGRAPHIC DISTRIBUTION

This section describes and explains any geographic limitations that apply to particular federal and state programs.

Several housing programs apportion funds to “Metro Milwaukee” counties, “Other Metro” counties, and “Balance of State” (non-metropolitan) counties. The counties within each of these groupings are:

Grouping	Counties
Metro Milwaukee	Milwaukee, Ozaukee, Washington, Waukesha
Other Metro	Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Racine, Rock, St. Croix, Sheboygan, Winnebago
Balance of State	Adams, Ashland, Barron, Bayfield, Buffalo, Burnett, Clark, Columbia, Crawford, Dodge, Door, Dunn, Florence, Fond du Lac, Forest, Grant, Green, Green Lake, Iowa, Iron, Jackson, Jefferson, Juneau, Kewaunee, Lafayette, Langlade, Lincoln, Manitowoc, Marinette, Marquette, Menominee, Monroe, Oconto, Oneida, Pepin, Pierce, Polk, Portage, Price, Richland, Rusk, Sauk, Sawyer, Shawano, Taylor, Trempealeau, Vernon, Vilas, Walworth, Washburn, Waupaca, Waushara, Wood

FEDERAL RESOURCES—COMMUNITY PLANNING AND DEVELOPMENT FORMULA PROGRAMS

Community Development Block Grant (CDBG)

The administrative rule that implements the CDBG Housing Program was recently amended. The rule simplifies the application and funding process by awarding funds to the neediest units of local government based, in part, on geographic regions. Five regions were identified so that each has an approximately equal number of LMI households, not including the CDBG entitlement cities and counties, as shown in Appendix I. DCD will amend the composition of the regions as necessary to address the State’s identified housing needs.

Home Investment Partnership Program (HOME)

The State does not award HOME funds in Participating Jurisdictions, which receive their HOME funds directly from HUD. The local units of government that receive HUD’s direct funding are: the cities of Eau Claire, Green Bay, La Crosse, Kenosha, Madison, Milwaukee, and Racine, as well as Dane and Milwaukee Counties. Rock County participates in a HOME consortium with the cities of Janesville and Beloit. Waukesha, Ozaukee, Jefferson, and Washington counties make up the second State consortia that receives funding directly from HUD.

Rental rehabilitation funds will be distributed only to selected communities with prior rehabilitation experience. The counties currently serviced are Brown, Chippewa, Iowa, Lafayette, Marathon, Outagamie, Richland, and Winnebago.

Through the HOME owner rehabilitation program and the HOME grantees that operate the accessibility programs, DCD achieves virtually statewide coverage. Furthermore, while HOME Rental Housing

Development and Homebuyer programs are awarded competitively, 66 counties have HOME activity. A portion of HOME funds is set-aside for WHEDA financial and low-income housing tax credit projects.

Emergency Shelter Grants (ESG)

In addition to the allocation that the Division of Community Development receives, three cities receive ESG funds from HUD directly: Madison, Milwaukee and Racine. As mentioned in the previous section, the DCD will distribute its Emergency Shelter Grant funds on a formula basis to the three county groupings. DCD developed this formula using indicators of the potential risk of homelessness. The percentages for the upcoming program year are as follows: 26% Milwaukee Metro, 43% Other Metro, and 31% Balance of State. It is possible that the percentages may be adjusted, as more census data becomes available.

Housing Opportunities for Persons with AIDS (HOPWA)

The Division of Community Development will ensure through its contract with ARC/W that full geographic coverage will occur outside of the Milwaukee metropolitan area and Pierce and St. Croix counties.

FEDERAL RESOURCES—OTHER PROGRAMS

Continuum of Care Homelessness Assistance

The 17 organizations to which HUD awarded 2003 COC funds plus the agencies funded in previous COC grant rounds serve 69 of Wisconsin's 72 counties.

Lead-Based Paint Hazard Control

The Department of Administration - Division of Energy has administered HUD Lead-Based Paint Hazard Control contracts statewide for a number of years (with the exception of the City of Milwaukee). On January 1, 2003 a renewal lead grant was awarded to the state for \$2 million covering a time period of two years. Submittal of an application for additional funding is anticipated in the spring of 2004.

STATE RESOURCES

Housing Cost Reduction Initiative (HCRI)

DCD apportions HCRI funds approximately in thirds to the four Metro Milwaukee counties, the 15 Other Metro counties, and the 53 counties in the Balance of State. This allocation arrangement is based on state statutes.

Local Housing Organization Grants (LHOG)

DCD apportions LHOG funds approximately in thirds to the four Metro Milwaukee counties, the 15 Other Metro counties, and the 53 counties in the Balance of State. This allocation arrangement is based on state statutes.

State Shelter Subsidy Grant (SSSG)

DCD allocates SSSG funds by a formula that is based on actual shelter use and that is adjusted annually. The current formula is 28% to Milwaukee County, 19% to Dane County and 53% to the remainder of the state.

Transitional Housing Grant (TH)

DCD will apportion TH funds approximately in thirds to the four Metro Milwaukee counties, the 15 Other Metro counties and the 53 counties in the Balance of State in combination with the HUD Emergency Shelter Grant funds.

Wisconsin Fresh Start

Because numerous state and federal funding sources support this initiative, there are geographic restrictions associated with the distribution of some funding sources under Fresh Start. However, it is the State's intent to support at least 12 project sites in rural and urban locations across the state.

HOMELESS AND OTHER SPECIAL NEEDS

The State continues to view ending homelessness as a top housing priority. DCD will work to maintain and expand the continuum of housing programs for individuals and families, seek additional funding to fill gaps in services, broaden successful and effective prevention and intervention programs, develop and begin implementation of a plan to end chronic homelessness, and work with private sector entities to address the root causes of homelessness.

Specifically, the State's strategy will consist of: a core emergency program to meet the immediate shelter needs of persons who are homeless; a broader transitional housing program for families and for persons with special needs; housing programs that provide rental and homebuyer assistance for more permanent alternatives, with an emphasis on the development of affordable rental assistance alternatives; and, continued participation in the HUD Continuum of Care Supportive Housing Program to address the full range of housing and service needs of homeless individuals and families.

In addition, the State considers homelessness prevention to be critical and will continue to place priority on this goal through its housing programs. Under Emergency Shelter Grant regulations, the Division of Community Development will fund prevention activities to the maximum extent permitted (that is, up to 30% of the ESG funding). In addition, DCD requests a waiver to increase the funds available from its allocation for essential services (those concerned with employment, physical health, mental health, substance abuse, education or food) to up to 40% of aggregate funding.

HUD's award to a state-sponsored Continuum of Care consortium indicates that DCD is pursuing its strategy of increasing resources to address gaps in services and the need for longer-term housing resources and services. In the upcoming year, the DCD will also apply for funding through the CoC to renew the funds required to expand and maintain the HMIS, Wisconsin ServicePoint and Front Door, the public access database of available housing units and resources (see Appendix H).

The DCD in collaboration with the Office of the Governor participated in a federally sponsored Policy Academy on Chronic Homelessness. A multi-disciplinary team was organized and a plan to end chronic homelessness in Wisconsin has been developed.

In the coming year, using the HUD ESG, Transitional Housing and State Shelter Subsidy programs the Division of Community Development will undertake a number of initiatives to strengthen the provision of homelessness services:

- begin implementing the plan to end chronic homelessness;
- require participating organizations to coordinate shelter and voucher programs within their communities;
- provide training and technical assistance to shelter providers that will help them develop continuum of care models in communities with multiple resources;
- encourage resource development and agency coordination in rural areas of Wisconsin
- utilize HUD technical assistance funds, if available, to provide direct and specific technical assistance, workshops and conferences to address problems identified by participating agencies.

For persons with special needs who are not homeless, the Division of Community Development will continue to offer a broad array of resources to assist with their needs:

Homeowner Rehabilitation Accessibility (HRA): DCD allocates a portion of HOME Program funds to provide accessibility modifications and other needed repairs for low-income homes with persons with disabilities in owner-occupied dwellings.

Rental Housing Development (RHD): Using this program, which is also funded through HOME, nonprofit organizations (including the network of CHDOs), for-profit organizations (in partnership with nonprofits) and local governments may develop rental units for persons with disabilities.

Community Development Block Grant (CDBG): Units of local government may apply for funds in order to offer loans to low- and moderate-income households with a disabled member to make housing accessibility improvements.

Housing Opportunities for Persons with AIDS (HOPWA): All of the services under this program are oriented toward preventing people with HIV/AIDS and their families from becoming homeless.

Housing Cost Reduction Initiative (HCRI): Some grantees assist households with disabled members with emergency rent assistance or homebuyer down payment and closing cost assistance.

Local Housing Organization Grants (LHOG): Some grantees use these funds toward developing housing for disabled persons and for counseling disabled renters and homeowners.

WHEDA and the WHEDA Foundation Housing Grants: These funds are available to nonprofit organizations and local units of government that develop special needs housing for homeless persons, domestic abuse victims, persons with disabilities, frail elderly and others, through an annual statewide competition.

OTHER ACTIONS

Addressing Obstacles to Meeting Underserved Needs

The Division of Community Development provides general information and professional guidance on housing issues and programs to state officials, as well as to a wide range of individuals and organizations across Wisconsin, including current grantees. The Division conducts extensive outreach efforts, both formal and informal, analyzes current housing trends and programs, and develops housing initiatives to address gaps in Wisconsin's affordable housing stock.

DCD utilizes CDBG and HOME TA and administrative funds and a supportive housing (SHP) technical assistance grant to support homeless program sponsors. It also utilizes Service Point as the statewide Homeless Information Management System (HMIS), which will soon include the community housing and information guide element called Front Door.

The Division has tentatively planned the following activities during 2004-2005:

<i>Date(2004)</i>	<i>Program Area</i>	<i>Focus</i>
January 2004 - August 2005	Homeless	Balance of State CoC Planning
January – December	Homeless	WI Service Point Training
January – December	WI Fresh Start	Technical Assistance
January	ESG-TH	Application Training
January – December	SHP-TH	Quarterly Meeting
May	All	UW Real Estate Housing Conference
May	HCRI/HOME-HBR, LHO	Implementation Training
May	CDBG	Application Training
May-June	All	Inspection Training
June	CDBG	Revolving Loan Fund Workshop
July	All	Annual Housing Conference
October	HCRI/HOME-HBR, LHO	Application Training
December	CDBG	Implementation Training
Ongoing	Rehab	Subsidized training of contractors/supervisors and inspectors/risk assessors for lead based paint

As mentioned in the section on homelessness and special needs, Homeless Programs staff will undertake a number of initiatives to strengthen the provision of homelessness services. All of these efforts (coordinating shelter and voucher programs, developing continuum of care models, and encouraging resource development and agency coordination in rural areas) are focused on increasing efficiency in the use of current resources so that additional households can be served. The implementation of the Plan to End Chronic Homelessness will also be a primary focus for DCD staff as well as staff of the participating state agencies and representatives from the private sector.

The Demographic Services Center, within the Wisconsin Department of Administration, and the UW-Madison's Applied Population Laboratory maintain an online data retrieval system. WisStat can be used

to access and display various housing, population, and other information. WisStat will facilitate information required for various housing grants and planning activities. The data is based upon 2000 Census data and other sources and will also contain profiles specific to housing needs.

Fostering and Maintaining Affordable Housing through the Low Income Housing Tax Credit Program

The Division of Community Development works with the Wisconsin Housing and Economic Development Authority (WHEDA), the administrator of the Low Income Housing Tax Credits, to assure coordination in the development of affordable housing. Members of WHEDA's staff are on the review team for DCD's Rental Housing Development (RHD) program, and RHD earmarks funds to be distributed in conjunction with Tax Credit and bond-financed projects. WHEDA and DCD share administrative and monitoring duties on these jointly funded projects.

Removing Barriers to Affordable Housing

The State of Wisconsin began implementing Smart Growth legislation in November of 1999, an effort which includes a framework for planning for local governments, new funding initiatives, and encouragement for state agency coordination with local plans. This legislation was initiated to encourage effective planning and implementation activities between local governments, counties, regions and the state. The efforts of local governments to meet the new requirements are anticipated to lead to better coordination of housing, economic growth, land-use and transportation to name a few. Smart Growth requires all aspects of planning, including housing and economic development, be analyzed in accordance with other local level planning. Matching grants to develop comprehensive plans under Smart Growth are awarded annually by the Department of Administration.

Wisconsin's planning law requires that a local Comprehensive Plan include a housing element. The comprehensive planning process necessitates that local governments analyze the impact of the policies and regulations of the local government on the development of various types of housing. According to s. 66.0295(2)(b), Wisconsin Statutes, the requirements for a housing element are:

A compilation of objectives, policies, goals, maps and programs of the local governmental unit to provide an adequate supply that meets existing and forecasted housing demand in the local governmental unit. The element shall assess the age, structural, value and occupancy characteristics of the local governmental unit's housing stock. The element shall also identify specific policies and programs that promote the development of housing for residents of the local governmental unit provide a wide range of housing choices that meet the needs of the persons of all income levels and of all age groups and persons with special needs, policies and programs that promote the availability of land for the development or redevelopment of low-income and moderate-income housing, and policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock.

The Smart Growth legislation included provisions for the development of model traditional neighborhood and conservation subdivision ordinances. Where by January 1, 2003, every city and village with a population of at least 12,500 must have enacted a traditional neighborhood development ordinance. The legislation defines a "conservation subdivision" as: a housing development in rural setting that is characterized by compact lots, common open space and where the natural features of land are maintained to the greatest extent possible. Furthermore, it defines a "traditional neighborhood development" as a compact, mixed-use neighborhood where residential, commercial and civic buildings are within close proximity to each other. Therefore, the Smart Growth legislation will have an impact on reducing the

barriers to affordable housing and lead to forwarding affordable housing goals of local communities and the State.

The production of affordable housing tends to be restricted by various regulations imposed for fire, health and safety reasons; as well as those imposed to protect the physical environment or to protect the perceived character of a neighborhood, subdivision or entire community. Review of regulatory standards to determine if those standards are having a negative impact on the affordability of housing continues.

One of the barriers identified by the public in preparation of this Consolidated Plan is complicated state and federal regulations surrounding governmental housing programs. Attendees at the roundtable said the regulations are very costly to address, and they affect the availability of locating housing. Division and program staff will continue to assess regulations and policies and work for improvements.

Lead-based paint hazards in pre-1978 housing units continue to limit the availability of safe and affordable housing units. Property managers, lenders, realtors, insurance providers and housing providers are relying on extensive training, education and public and private sector funds to lessen the risk of child lead-based paint poisoning. Challenges continue over the lack of adequate capacity and sustained funding for addressing lead-based paint hazards, which disproportionately affects low and moderate-income households.

The Housing Affordability Impact Note Act created by the legislature requires that housing affordability impacts be objectively estimated and considered when introducing or amending legislation or administrative rules. The Division of Community Development retains responsibility to produce these impact statements.

Evaluating and Reducing Lead-Based Paint Hazards

The State estimates that approximately 75% of its housing stock were built prior to 1978; nearly 500,000 rental units and 1 million owner-occupied dwelling units. In the federal programs administered by DCD, over 600 units annually will require testing and, potentially, hazard reduction. Data from the statewide survey substantially increases the estimated number of units needing lead hazard assistance to be approximately 2,200 annually. The types of lead hazard reduction work to be completed in non-entitlement area homes include paint stabilization, window and door replacement, treatment of impact and friction surfaces and exterior treatments to include siding and porch repair and/or replacement.

The Division of Community Development, the Department of Housing and Urban Development, the Division of Energy and the Division of Public Health will work together to offer training to interested parties.

DCD will also use CDBG and HOME funds to train contractors and lead supervisors who will commit to bid on CDBG and HOME projects. Contractor and risk assessor training opportunities will be communicated to interested parties through current state CDBG, Emergency Shelter, Supportive Housing, LHR and HOME grantees as well as through local housing authorities. Appendix D illustrates the percentage of homes built prior to 1950 in conjunction with the location of DHFS certified lead paint abatement contractors. The two maps in Appendix E illustrate the location of certified lead based paint contractors as well as which communities are not located in a 20 mile radius of a contractor as of January, 2003.

A renewal lead grant was awarded to the state for \$2 million on January 1, 2003 for a period covering 2 years. The Lead Hazard Reduction Program, currently located in the Department of Administration's Division of Energy, has administered three HUD lead paint hazard reduction grants. The Division of Health conducts risk assessments; the Division of Energy's subcontractors carries out or oversees the lead hazard reduction activities.

Reducing the Number of Poverty Level Families

Over the past few years, there has been an increasing number of housing program grantees requiring their recipient households, as a condition of assistance, to become as self-sufficient as possible. State staff encourages the development of self-sufficiency components within an applicant's program design. Through these efforts, the Division seeks not only to stabilize households in crisis but also to reduce households' dependence on public assistance and to begin developing pathways out of poverty.

The Division administers the Wisconsin Fresh Start program that helps to lead at-risk young people to self-sufficiency. This program has generated a success rate of over 70%. As mentioned earlier, this highly successful program began as an initiative of the Governor and represents a collaborative effort with other state agencies and federal partners. DCD also receives Youthbuild grants to assist with the objectives established with the Wisconsin Fresh Start program. Funds from the Milwaukee County Private Industry Council are used to support the activities in Milwaukee.

Developing Institutional Structure

The Division of Community Development has created many of its HOME subprograms to complement existing networks of service providers. DCD has committed itself to the long-term development of stable nonprofit housing developers that cover most of the state. The state-funded Local Housing Organization Grants (LHOG) program further supports the ability of non-profit organizations to build capacity and develop long-term housing solutions and produce housing units. Finally, the training technical assistance initiatives will continue to improve the State's system of delivering housing assistance.

The Department of Administration's Division of Energy provides weatherization assistance. Many of these grantees continue to administer the HOME accessibility and rehabilitation program activities under DCD's Bureau of Housing. Other activities consist of attic and sidewall insulation, air infiltration reduction, and information about maintenance, health and safety inspections and the lead hazard reduction program. The Low Income Home Energy Assistance Program assists households with heating assistance, emergency fuel assistance, counseling for energy conservation and energy budgets, and emergency furnace repair and replacement. The Energy staff works with DCD's Rental Program, the CDBG Emergency Assistance Program and the Wisconsin Fresh Start Program. Coordinated efforts and referrals has been an effective method in providing services.

DCD is refining its data tracking system for both federal and state programs, allowing for additional policy and reporting tracking in order to assess program and service delivery. The Bureau of Housing, Rental and Special Needs Section, is also utilizing Service Point as their Homeless Information Management System (HMIS). Service Point, with its over 150 users, will also increase the effectiveness of homeless tracking and analysis. For example, Appendix F illustrates that 85% of Wisconsin's population live within a 20-mile radius of Service Point providers for services. Service Point has involved extensive coordination internally within the division and externally with the users. In 2004, committees consisting of system users and state staff will develop policies to guide the development and use of the ServicePoint and Front Door systems.

Enhancing Coordination Between Public Agencies and the Public and Private Sectors

The Department of Commerce will continue its work in 2004-2005 with a wide array of other state agencies. In addition to the connections with WHEDA mentioned earlier, DCD staff members will work with these other state agencies and entities:

- The Policy Academy to End Chronic Homelessness - an interagency group that includes representation from the Governor's office, DCD, the Departments of Health and Family Services, Veterans Affairs, Workforce Development, Corrections as well as representation by homeless service providers and consumers of homeless services.
- Governor's Mental Health Council (interagency forum that includes housing needs of mentally ill persons)
- Department of Natural Resources (water/sewer connection funding in rural areas)
- Council of State Community Development Agencies (COSCDA)
- Department of Health and Family Services (transitional and permanent housing for the physically and mentally disabled and the elderly food security task force, lead-based paint hazard program/training/risk assessment)
- University of Wisconsin-Extension (tenant education curricular and state wide neglect)
- Department of Administration, Division of Energy and Public Benefits
- Other Divisions in the Department of Commerce (building code review, mobile home regulations, home energy ratings, relocation)
- State Historical Society of Wisconsin (federal Section 106 review process)
- Dane County Homeless Task Force
- Milwaukee Emergency Shelter Task Force
- Department of Corrections
- Department of Veteran Affairs
- Department of Workforce Development
- Wisconsin Association of Self-Help
- Habitat for Humanity
- Refuge Network
- Inter-Tribal network
- Main Street Communities

DCD staff members will participate in the following coalitions of public- and private-sector housing industry organizations:

Wisconsin Affordable Assisted Living This advisory committee was formed to provide input to Wisconsin's affordable assisted living initiative, integrate diverse perspectives, contribute to the development of best practice models and tools and to serve as the sounding board for ideas generated through the initiatives. The committee will also look at ways to communicate back to constituencies and support progress toward solving the lack of affordable assisted living.

Wisconsin Collaborative for Affordable Housing This group covers information-sharing and training issues. It includes representatives from Legal Action of Wisconsin, HUD's Wisconsin Field Office, Wisconsin Association of Housing Authorities, Wisconsin Community Action Program Association, Wisconsin Partnership for Housing Development, WHEDA, other housing organizations and local governments.

Wisconsin Fair Housing Network This coalition focuses on fair housing education and promotion. Its membership includes representatives from the Wisconsin Equal Rights Division, Department of Regulation and Licensing, HUD's Wisconsin Field Office, WHEDA, Wisconsin Realtors Association, local boards of Realtors, equal opportunity commissions, fair housing councils, community housing resources boards and landlord and apartment associations.

Wisconsin Fresh Start Program DCD in cooperation with several other state agencies makes grant awards available to expand use of the Operation Fresh Start (OFS) Program Model. The purpose of the program is to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency. This is accomplished through opportunities for meaningful service in their communities by helping to meet the housing needs of low-income individuals and families. Funds confirmed for use with the Fresh Start Program are being provided from DCD's federal Home Investment Partnership program (HOME) fund, National Community Services Americorp funds, HUD Youthbuild funds, the Wisconsin Housing and Economic Development Authority (WHEDA) and from several other agencies, including the Department of Administration's Division of Energy, the Department of Corrections' Division of Community Corrections and the Milwaukee county Private Industry Council.

Housing Marketing Committee WHEDA, HUD, USDA, and Commerce staff meet twice a year to discuss affordable housing inventory and related issues.

Housing Opportunities for Southeast Wisconsin Task Forces (HOPS) DCD staff participated with public and private representatives in the HOPS initiative to promote fair and equitable treatment in the home purchase/home ownership and residential mortgage credit process. The co-sponsors along with the Federal Reserve Bank of Chicago included the Greater Milwaukee Committee, the Local Initiatives Support Corporation, Wisconsin Housing and Economic Development Authority (WHEDA) University of Wisconsin – Milwaukee, Southeastern Municipal Executives and the Fannie Mae Wisconsin Partnership. The two task forces DCD staff has participated in include the Regional Policy Agenda for Sustainable Communities and the Sustainable Communities and Fair Housing.

Historic Preservation

Federally funded housing programs—including CDBG, HOME, Emergency Shelter Grant, Lead Hazard Reduction and Continuum of Care—are subject to 24 CFR Part 58.5, which calls for responsible entities (such as the State of Wisconsin) to comply with the environmental and historical review requirements that apply to HUD directly under all pertinent laws and authorities and to consider the criteria, standards, policies, and regulation of these laws and authorities.

In order to meet its responsibilities, the Division of Community Development operates under a Memorandum of Understanding with the State Historical Society of Wisconsin (the State Historic Preservation Officer, or SHPO) to establish procedures under which properties that are potentially eligible for inclusion in the National Register of Historic Places will be reviewed. The Memorandum requires the Division to provide the SHPO with an annual report summarizing the activities that are carried out pursuant to this agreement.

MONITORING

Division of Community Development

The Division of Community Development follows these policies and guidelines in monitoring grantees, whether the contracts are federal or state. In addition, please see Appendix C, Risk Evaluation for Grantee Monitoring Reviews.

- A. Monitoring and evaluation of recipients of our funds is a requirement of our funding sources. It also is one of the best ways to ensure effective program administration to maximize the benefit to persons in need of housing assistance. Monitoring of local programs is the responsibility of all staff members, and monitoring is an ongoing activity.
- B. Monitoring of local programs is the responsibility of all staff members, and monitoring is an ongoing activity.
- C. Monitoring can be carried out in a variety of formal and informal ways and methods. These include on-site reviews; desk reviews of routine or special performance reports; rental compliance; financial audits; other verbal and written exchanges with the Grantee; conversations with Grantee, clients, and fellow funders or partners of the Grantee; etc. At least one of these methods will be conducted at least once during the contract per applicable federal or state regulations. A risk assessment tool has been developed for Bureau programs.
- D. On-site field monitoring visits should be conducted per established monitoring formats. Certain considerations (such as Grantee performance, reporting and audit deficiencies, personnel turnover, etc.) may require more frequent on-site inspections. Risk-based monitoring assessment policies facilitate the frequency and timing of on-site visits.
- E. Every attempt will be made to provide notice (preferably written) at least 14 days in advance of the scheduled visit.
- F. On-site monitoring visits should be coordinated, where possible, for Grantees administering more than one DCD program. The scope of the on-site monitoring review should be as comprehensive as possible, taking into consideration all applicable contractual, program, and state and federal requirements.
- G. Every attempt should be made to complete and mail out a follow-up monitoring letter no later than 40 days from the date of the visit. It is very important to inform Grantees of the result of the monitoring as soon as possible. A copy of this letter should be sent to the BOH Director, who will be responsible for alerting other applicable program staff of potential problems.
- H. If concerns, deficiencies, or findings are identified the Grantee should be asked to take steps to resolve these and respond by letter within 45-60 days. For HQS [Housing Quality Standards] project deficiencies identified, a rework letter should be issued as soon as possible (even prior to the formal monitoring letter) to inform grantees of the project items that need to be corrected. Timely issuance of this letter to stimulate correction of health or safety hazards and to take advantage of the six-month project funding window is important. Appropriate follow up as well as an acknowledgment letter should be provided on a timely basis. This correspondence should be noted as outlined in G. and I. of this part.
- I. All monitoring materials, correspondence, etc. should be included in the Grantee's official file located at DCD

SPECIFIC SUBMISSION REQUIREMENTS FOR CDBG AND HOME

CDBG PROGRAM

Section 108 Loan Guarantee Program

Under the guidelines for the CDBG program, states have the option of aiding non-entitlement units of local government in applying for guaranteed loan funds. The State of Wisconsin has chosen to not use the Section 108 Loan Guarantee Program.

Procurement Standards

The State of Wisconsin's procurement standards meet or exceed the common rule. With regard to the CDBG program, local units of government are expected to follow the procedures outlined in 24CFR Part 85.36, or the formal procurement procedures established by their governing bodies.

Community Revitalization Strategy

On October 22, 1996, HUD published an interim rule in the *Federal Register* concerning the CDBG Program for States. Among the many changes in this rule is an amendment that permits states to implement Community Revitalization Strategies. This regulation allows states to focus CDBG resources in communities or regions that have high poverty rates, high percentages of low- and moderate-income residents or have been designated as Empowerment Zones or Enterprise Communities by HUD. In return, the state (and, in turn, the local community) may carry out activities that have a beneficial effect for the entire strategy area and do not require the usual focus on specific low/moderate-income household benefit.

The State of Wisconsin will likely consider implementing Community Revitalization Strategies in the coming year to support the State's Grow Wisconsin initiatives.

Definitions of Housing in "Standard Condition" and "Substandard Condition Suitable for Rehabilitation"

HUD published a final rule in the *Federal Register* concerning displacement of occupants, relocation assistance and real property acquisition for HUD and HUD-assisted programs. In the rule, HUD required recipients of CDBG to define "standard condition" and "substandard condition suitable for rehabilitation."

Wisconsin's CDBG Small Cities Housing program uses HUD's Housing Quality Standards (HQS) as its benchmark for "standard condition." The State's expectation is that, when local governments approve a loan for the rehabilitation of an LMI unit, the repairs will bring the unit up to HQS whenever practicable.

Under CDBG housing guidelines, a unit in "substandard condition" is one that needs major repairs and/or replacement for three or more major structural components (roof, electrical, heating, plumbing, foundation/structure, siding, doors/windows, and well/septic). In making the distinction of whether a substandard unit is "suitable for rehabilitation" or not, local governments are required to assess two

principal concerns: (1) Would the unit, even with repairs, present major continuing health and safety problems for the occupants? And (2) Would the after-rehabilitation equity in the property be grossly inadequate to cover the loan amount? If local authorities' assessment found either of these two situations to be true, the property would be deemed unsuitable for rehabilitation.

HOME PROGRAM

Resale Provisions

The State's guidelines concerning resale of the homebuyer property shall be as allowed by HOME program rules and regulations (CFR 92.254(5)). If, within the HUD restricted affordability period, a homebuyer property is either sold, transferred or ceases to be the owner's principal place of residence, the state HOME program will require that the funds be repaid. In the instance of a sale of the property, the homebuyer subsidy will be recaptured—subordinate to a first mortgage—on a pro-rated basis from any proceeds of the sale. If the net proceeds of the sale were not sufficient to recapture 100% of the HOME assistance, there will be a recapture of any proceeds available. If there were no proceeds from the sale to recapture, the HOME subsidy will be forgiven.

In instances where only a development subsidy was provided, rather than direct financial assistance to the homebuyer, resale provisions of CFR 92.254(5) shall apply. The property must remain affordable over the entire affordability period. The new purchaser must be low-income, and the sale price must be affordable to the new purchaser.

Other Forms of Investment

All forms of investment that the Division of Community Development may use in providing HOME assistance are included under HOME regulations. These forms of investment are:

Equity Investments	Interest Bearing Loans or Advances
Non-Interest Bearing Loans or Advances	Interest Subsidies
Deferred Payment Loans	Conditional Grants
Interest Rate Buy Downs	Diminishing Subsidy Loans
Grants	Loan Guarantees

Definitions of Housing in “Standard Condition” and “Substandard Condition Suitable for Rehabilitation”

HUD published a final rule in the *Federal Register* concerning displacement of occupants, relocation assistance and real property acquisition for HUD and HUD-assisted programs. In the rule, HUD required recipients of HOME funds to define “standard condition” and “substandard condition suitable for rehabilitation.”

The State of Wisconsin's HOME Program uses HUD's Housing Quality Standards (HQS) as its benchmark for “standard condition.” Prior to assistance with HOME funds, a Housing Quality Standard inspection form must be completed to determine if the unit passes HQS. Each item that fails the HQS inspection must be brought up to the standards set by DCD. Local code applies to dwellings built before 1980, if no local code applies the Uniform Dwelling Code (UDC) is the standard. s101.651 now extends the Uniform Dwelling Code to all municipalities and counties in the state, regardless of size. Local units

of government also have the option to choose to have the UDC cover all alterations and additions to one and two family dwellings in their jurisdiction.

Affirmative Marketing

Wisconsin has established the following affirmative marketing policies and procedures that HOME grantees must adopt. These policies and procedures are based upon the Code of Federal Regulations (CFR), specifically 24 CFR 92.351.

A. *Affirmative Marketing Policy*

1. Good faith and documented efforts shall be made to inform and otherwise attract persons from all racial, ethnic, religious, disability and gender groups and families in the housing market area to the available housing;
2. Special outreach efforts may be needed to solicit participation from persons in the housing market area who are not likely to apply for HOME assisted housing.

B. *Affirmative Marketing Procedures* In accordance with HOME regulations at 24 CFR 92.351(a) and in furtherance of Wisconsin's commitment to nondiscrimination and equal opportunity in housing, the State has established procedures to affirmatively market units assisted under HOME. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendments of 1988, Executive Order 11063, and Wisconsin's Fair Housing Law contained in Wisconsin Statutes 106.04.

Grantees are required to adopt the following affirmative marketing procedures:

1. *Affirmative Marketing Actions* Grantees must ensure that the public, operators of HOME-assisted units and likely residents of such units are informed that the grantee is operating under an established affirmative marketing policy, applicable Federal fair housing laws and other applicable federal, state and local housing laws. This policy must be stated in agreements with operators, be promoted in the community through media and other outlets and be communicated to tenants in buildings that will be or have been assisted with HOME funds.

Operators of HOME-assisted units shall affirmatively market their units by advertising vacant units in local newspapers and using other appropriate methods. Owners of these properties must provide appropriate notification when any units become vacant. All forms of program marketing should depict the Equal Housing Opportunity logotype or slogan.

As part of their efforts to ensure that available units are affirmatively marketed to persons not likely to apply for such housing, grantees are encouraged to make HOME information available in non-English languages spoken by minority groups residing in or near the community. Furthermore, grantees are encouraged to distribute marketing materials to area social service agencies that work with minorities, disabled individuals or other protected class groups.

2. Affirmative Marketing Record Keeping Affirmative marketing record keeping activities must include documentation of all good faith efforts to inform minorities, handicapped individuals or other protected groups of vacant units assisted with HOME funds and inform owners of HOME-assisted units, social service agencies and the general public how these units can be occupied. Record keeping should include the number of persons that respond directly to any program marketing efforts. Lastly, the number of persons residing in or planning to reside in HOME-

assisted units that became aware of the units through local affirmative marketing efforts should be documented.

3. Affirmative Marketing Reporting Summaries of affirmative marketing efforts should be available for public review. These "reports" should detail affirmative marketing activities and identify actions to undertake or correct any noncompliance with Affirmative Marketing Policies or to mitigate any nonperformance problems in implementing plans. If corrective measures have been identified, actions taken on such measures must be reported. The State may review reports at any time to determine grantees' compliance with affirmative marketing regulations.

- C. *Local Sponsor Assessment of Grantee Performance* Assessment of compliance with affirmative marketing procedures will be accomplished by reviewing reports and conducting on-site monitoring visits. Evidence of newspaper notices, posters, brochures and general knowledge of the program by local officials, lenders and others will be reviewed and monitored by DCD.

Complaints of unfair marketing of units will also be reviewed by the State and resolved in joint consultation with the grantee. Each grantee signs an agreement to affirmatively market their units, to provide proper notification of such vacancies and to comply with other applicable federal, state and local housing laws for applicable periods.

The State may require grantees to take corrective actions if operators fail to carry out required procedures. If, after discussing with an operator methods of improving compliance, the grantee discovers that the owner repeatedly fails to meet affirmative marketing requirements, the grantee may disqualify the owner from future participation in HOME or take other appropriate actions.

Minority and Women Business Outreach

The Division of Community Development has established the following policies and procedures to meet the requirements for minority (MBE) and women's (WBE) business enterprise participation in the housing program it administers.

A. MBE/WBE Outreach Policy

It is the ongoing policy of the State of Wisconsin to make positive efforts to use MBE/WBE sources of supplies and services and to assure that these businesses will have the maximum feasible opportunity to compete for contracts or subcontracts supported by federal (including HOME) and/or state funds.

B. State MBE/WBE Outreach Activities

1. The State offers a range of activities and assistance for WBEs and MBEs and for potential users of the services these businesses provide. The State promotes WBEs and MBEs through training and technical assistance, directories, handbooks, brochures, financial and management assistance programs and certification, and marketplace programs. Through such efforts, WBEs and MBEs are strengthened and are better able to compete for state- and federally-funded projects and contracting opportunities.

2. All Grantees receiving state or federal housing funds are contractually required to make positive efforts to use MBE and WBE sources of supplies and services. Each grantee through reports and monitoring must demonstrate its compliance with this contract provision.

C. Local MBE/WBE Outreach Activities

Each grantee must maintain the appropriate records to document the numbers and types of contracts and subcontracts it awards (whether for construction, supplies or services), the dollar value of each award, and the gender and ethnic/racial status of the management/ ownership of the business.

D. State Assessment of Local Outreach Efforts

1. Assessment of local compliance with MBE/WBE outreach procedures will be accomplished by reviewing their MBE/WBE activity reports and conducting on-site monitoring visits. Evidence of notices, mailings, local procurement policies and local contracts are reviewed during monitoring visits by DCD.
2. The State requires its grantees to complete periodic written reports on their MBE/WBE outreach results in time to include the data in its reports to HUD.

CITIZEN PARTICIPATION

As required by the State of Wisconsin's Citizen Participation Plan, the Department of Commerce made the *Annual Update* available for public review and comment for thirty days prior to its submission to HUD.

We advertised its availability in a legal notice in the State's newspaper of record, the Wisconsin State Journal, on January 6, 2004 and January 8, 2004. In addition, a public hearing was held on January 8, 2004. One written comment was received.

TABLE 1: WISCONSIN DIVISION OF COMMUNITY DEVELOPMENT
BUREAU OF HOUSING 2004-2005 GOALS

Households & Persons to be Assisted With Housing

AGGREGATE GOALS—HUD AND STATE HOUSING PROGRAMS

Assistance Provided by Income Group	Renters	Owners			Homeless		Non-homeless Needs (G)	TOTAL (A+D+E+F)
	Total Renters (A)	Existing Homeowners (B)	Home Buyers (C)	Total Homeowners (D) = (B)+(C)	Individuals (E)	Families (F)		
Extremely Low Income (0-30% of MFI)	2,029	153	76	229	17,988	8,023	504	28,269
Low Income (31-50% of MFI)	1,109	305	256	561	5,673	3,410	148	10,753
Moderate Income (51-80% of MFI)	379	431	500	931	1,004	542	77	2,856
Middle Income (over 80% of MFI)	0	0	0	0	300	400	0	700
TOTAL	3,517	889	832	1,721	24,965	12,375	729	42,578

**AGGREGATE GOALS—HUD's COMMUNITY PLANNING AND
DEVELOPMENT FORMULA ALLOCATION PROGRAMS
(CDBG HOUSING, HOME, ESG, HOPWA)**

Assistance Provided by Income Group	Renters	Owners			Homeless		Non-homeless Special Needs (G)	TOTAL (A+D+E+F+)
	Total Renters (A)	Existing Homeowners (B)	Home Buyers (C)	Total Homeowners (D)	Individuals (E)	Families (F)		
Extremely Low Income (0-30% of MFI)	105	127	4	131	17,700	7,300	229	25,236
Low Income (31-50% of MFI)	173	251	65	316	5,600	3,200	13	9,289
Moderate Income (51-80% of MFI)	29	361	178	539	1,000	500	37	2,068
Middle Income (over 80% of MFI)	0	0	0	0	300	400	0	700
TOTAL	307	739	247	986	24,600	11,400	279	37,293

**The State of Wisconsin
Department of Commerce**

Annual Plan April 1, 2004 - March 31, 2005

NON-HOUSING COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

ANNUAL ALLOCATION PLAN AND ADMINISTRATIVE PROCEDURES



The Department of Commerce also administers that portion of the State's Annual CDBG, which is earmarked for non-housing related community development activities. More specifically, Commerce uses its allocation (approximately \$22 million annually) for the following program activities:

PUBLIC FACILITIES ACTIVITIES (PF)

ECONOMIC DEVELOPMENT PROJECTS (ED)

PUBLIC FACILITIES FOR ECONOMIC DEVELOPMENT (PFED)

BLIGHT ELIMINATION AND BROWNFIELD REDEVELOPMENT (BEBR)

EMERGENCY ASSISTANCE PROGRAM

PLANNING GRANTS

TECHNICAL ASSISTANCE

In addition to the above seven program categories, the Department has, and is currently administering special federal disaster relief appropriations received from the U.S. Department of Housing and Urban Development (HUD). The relief was provided to six recipients in southeast Wisconsin. Five of these recipients are in the CDBG grant closeout stage of the project.

CITIZEN PARTICIPATION/CONSULTATION

In addition to meeting citizen participation requirements for the submission of the Annual Action Plan, Commerce also undertakes a number of initiatives during the course of the year to obtain input from its CDBG program users. These initiatives include:

- Solicitation of comments and suggestions via the Department's web-site. Persons visiting the site are encouraged to contact staff for program information as well as to provide customer feedback.
- The mailing of CDBG newsletters. Readers are encouraged to contact staff for more program information, as well as provide feedback on how the Department is doing in its program administration.
- Program evaluation forms to solicit feedback.
- Periodic e-mails/phone calls to consultants and regional planning commission staff to update program users on trends, policy decisions, or to disseminate information on revised forms, etc., and to invite comments in general or on specific topics. Invitations will continue to be issued to persons who advise local officials on CDBG matters and/or prepare applications to convene meetings to discuss issues and concerns.

April 1, 2004, will mark the beginning of the third program year of implementing major changes in the Department's CDBG Public Facilities program. The most significant change was converting the Public Facilities program from an annual competition to a continual competition. Program participants have expressed a very positive response to the continual application, primarily citing the ability to seek grant assistance when the need arises and when projects are close to be ready for commencement.

Having coordinated the expenditure of CDBG funds with several other state and federal agencies that also participate in a wide array of community and economic development projects, the result has been the establishment of excellent rapport with program users. This has contributed to the inclusion of new program participants.

The Department also employs economic development consultants who are assigned to geographic regions of the state offering another means of hearing the needs and concerns of local government officials. Through their contacts, many units of local government learn about the CDBG program.

In light of dramatic changes in Wisconsin's overall economy, Commerce developed new rules regarding the administration of the non-housing CDBG programs.

These new rules became effective September 14, 2003, and allow Commerce flexibility when working in geographic areas that have been especially hard hit by plant closings or mass layoffs.

In developing these new rules, Commerce worked closely with economic development professionals throughout the State and held public hearings.

In summary, the citizen participation and consultation process involves more than holding hearings or informational meetings. It also includes one-on-one discussions and problem solving on complex community and economic development issues where brainstorming often results in identifying how CDBG can be more effective and responsive to local government needs.

FINANCIAL RESOURCES & USES

HUD COMMUNITY PLANNING AND DEVELOPMENT FORMULA ALLOCATION

Program	HUD Authorization	Program Income/ Recaptured Funds	TOTAL FUNDS	Fiscal Year of HUD Authorization
Community Development Block Grant (CDBG)	\$33,080,128			FY'04
<i>Public Facilities, Economic Development, Brownfield Redevelopment, Emergency, Planning, Technical Assistance</i>	\$23,156,128	\$2,500,000	\$25,650,000	FY'04
TOTAL Non-HOUSING CDBG PROGRAMS	\$23,156,128	\$2,500,000	\$25,650,000	FY'04

Leveraging of Other Resources

The Department administers several other programs that are used in conjunction with non-housing CDBG funds or are used in place of CDBG funding to enable the targeting of CDBG funds to specific program objectives, as defined by the Department's program design. These "other" programs, funded with state general purpose revenues, include the following (list is not all inclusive):

- Customized Labor Training Grants
- Economic Impact Loan Program
- Minority Business Assistance Grants/Loans
- Brownfield Initiative – Grant Program
- Enterprise Development Zone Program
- Early Planning Grants
- Major Economic Development Program
- Rural Economic Development Microloans
- Community-Based Economic Development Program
- Community Development Zone Credit Program

In addition to leveraging funds from other Commerce administered state-funded programs, CDBG is also leveraged with funds from other state and federal sources, including:

- State Transportation Economic Assistance funds
- USDA – Rural Development Funds
- Wisconsin Clean Water Fund Program
- Wisconsin Trust Fund loans – low interest

The most significant source of leveraging comes from applicant/local government sources. Each of the Department's CDBG programs requires applicants to provide a minimum match to the CDBG request, as discussed earlier in this Plan. This match requirement has been very effective in obtaining a substantial amount of local dollars committed to projects, creating "ownership" for the applicant. Applicants can also

leverage other state and federal funds to arrive at the match requirements. Typically, match dollars are in excess of minimum requirements because of the high cost of projects, and because of the recognition of Department practice to try to minimize (to the extent possible) the amount of CDBG dollars per project.

Match requirements for the Department administered CDBG programs are as follows:

- Public Facilities Program... To obtain maximum points, an applicant must provide \$1.50 for every \$1.00 requested.
- Public Facilities for Economic Development... At least 25% of the project costs.
- Economic Development Projects... At least \$1.00 for every \$1.00 requested.
- Emergency Grant Requests... Match must equal 1/3 of the CDBG request.
- Blight Elimination and Brownfield Redevelopment. At least 25% of the project costs.
- Planning Grants... At least 25% of the total plan cost.

OBJECTIVES AND ACTIVITIES FOR 2004-2005

The objectives and activities for Commerce's CDBG programs for the 2004-2005 program year (during which Federal Fiscal year 2004 funds will be expended) will be in support of Governor Jim Doyle's "Grow Wisconsin" initiative. This initiative is designed to enhance the state's overall economic vitality and includes investing in communities in support of local economic development. The specific program objectives are described below:

Public Facilities Program (PF)



The **objectives** of the PF program continue to remain as described in prior Consolidated Plans. These objectives include assisting the state's non-entitlement local units of government in addressing local public infrastructure and facility needs. Program design allows for funding of a wide variety of projects to respond to changing local community and economic development needs. Funded activities will continue to include: water and sewer transmission and treatment needs, streets, parks, curb, gutter, storm sewer and related components, public buildings, and other publicly-owned and operated facilities that serve the public. Certain activities (such as a work center for the developmentally disabled, undertaken by a non-profit agency) may be assisted. Eligible activities may also include public buildings serving CDBG targeted populations (i.e. community centers, senior centers, fire stations, activity and employment centers for developmentally disabled people). In certain cases, municipalities lacking basic medical clinic facilities or a library for area residents may receive CDBG assistance. Other activities may include handicapped accessibility improvements to ensure access to critical and needed public facilities/buildings and blight elimination in support of community and economic development. Commerce will consider using PF funds for broadband communication projects that may help LMI individuals bridge the digital divide.

Commerce expects requests for public facilities' funds to continue to exceed the amount of available funds. The continued high level of demand for CDBG grants is a result of stable or reduced funding in other federal and state infrastructure grant programs. Local government budget issues, especially the holding of taxes and spending to current levels, and potential reductions of state and federal aids, will also force localities to look to the Block Grant Program.

Within the PF program, priority will be given to projects that directly contribute to the economic vitality of the community and where public investment is appropriate to complement private investment. The Department will take into consideration the urgency of the request, the situation being experienced by targeted populations, financial need of the applicant as well as the persons benefiting from the project. Lower priority will be given to proposed projects that are on-going maintenance activities or that are capital improvements that normally are addressed on an on-going basis when operating a service or facility and are financed through user fees.

PRIORITY COMMUNITY DEVELOPMENT NEEDS*			
PUBLIC FACILITIES	<u>Priority Need</u> <u>Level</u>	INFRASTRUCTURE IMPROVEMENTS	<u>Priority Need</u> <u>Level</u>
Senior Centers	Medium	Solid Waste Disposal	Low
Youth Centers	Low	Flood Drainage	Low
Neighborhood Facilities	Medium	Water	High*
Child Care Centers	Medium	Street	High*
Parks/Recreation	Low	Sidewalk	low
Health Facilities	Medium*	Sewer	High*
Parking Facilities	Low	Asbestos Removal	Low
Planning	Medium	Telecommunications	High*
Other Public Facilities	Medium	Other*	Medium*

*Those proposed activities in support of an activity that enhances a community's economic vitality will receive high priority or that are in conjunction with activities that include substantial investment in the local tax base.

The **National Objectives** that will be addressed in Commerce's Public Facilities (PF) program will include the following:

- Benefit people of low- and moderate-income (LMI)
- Meet urgent local needs
- Removal of slum and blight conditions

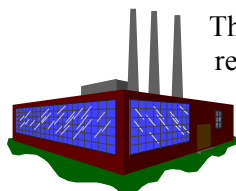
Up to 75 percent of Commerce's non-housing CDBG allocation may be spent in the PF program category. However, it is expected that an amount closer to 30-40 percent (approximately \$61/2 - 8 million) of the allocation will be used for the program.

The following table lists the proposed number of projects, funding goals, and beneficiaries for Public Facilities' projects that Commerce expects to fund in 2004-2005. These goals are based on past funding experiences and feedback from program clientele. Applications received by Commerce are applicant driven, and therefore projected expenditures are passed on types of applications received in the past.

PUBLIC FACILITIES Activity	Estimated Number of Awards	Estimated Amount to be awarded	Estimated Beneficiaries	
			Total	LMI
Public Facilities - Water & Sewer	12-15	\$4 million	15,000	9,000
Other Public Facilities*	7-10	\$3 million	10,000	6,000
Total Public Facilities	19-25	\$7 million	25,000	15,000

**Other Public Facilities include community centers, library facilities, workshops, streets, curb and gutter, bridges, removal of architectural barriers, planning and incidental acquisition and relocation.*

Economic Development Program



The CDBG Economic Development program will continue to enhance job creation and retention in Wisconsin through the provision of grants and loans to businesses, as well as employee training. COMMERCE will award funds to a general-purpose unit of government, which will then grant or loan the funds to a business. Subsequently, when the business repays the loan, the unit of government may retain all or a portion of the funds repaid to capitalize a local revolving loan fund (RLF). The local municipality may use the RLF to help local businesses finance start-up, expansion or retention activities, in accordance with their Commerce approved Revolving Loan Fund manual which is approved by Commerce.

Up to 75 percent of the CDBG funds Commerce receives may be used for the ED program. Past experience suggests that the Department will award approximately 45-50 percent, or around \$10-11 million, for ED grants. All ED awards must meet one of the three **National Objectives** listed below:

Benefit people of low-and moderate-income (LMI)
Meet urgent local needs
Removal of slum and blight

Commerce expects that the principal objective to be met will continue to be benefiting people of low- and moderate-income through the creation of job opportunities or job retention, including retention achieved through skill upgrading. However, economic development projects that meet the other national objectives will also be considered. As in the past, Commerce will continue to pay particular attention to the quality of the jobs involved in the project.

Regarding ED eligibility, Commerce may award up to 50 percent of eligible project costs and up to \$1 million, provided that the amount of financial assistance on a per-job basis does not exceed \$50,000. In practice, Commerce endeavors to leverage as much private investment as possible. Current practices are resulting in ED funds representing less than 25 percent of eligible project costs, and less than \$10,000 per job. Considerations for ED participation in a proposal include the following:

- The risks for the ED loan and the project's viability (character, capacity, capital, collateral and conditions).
- The number of jobs to be created.
- The number of jobs to be made available to LMI persons and other targeted groups.
- The wages and benefits available to employees.
- Whether the project is located in a geographical area targeted for development by the state (including areas with a concentration of poverty, unemployment and/or other factors contributing to the general economic hardship and areas targeted for specific industry and technology clusters).
- The benefit to or impact upon the community.
- The competitive effect of providing ED funding on other businesses in the area.
- Whether the proposed activity supports one of many target industries that are a part of the state's Grow Wisconsin Initiative.
- It is important to note that proposed activities that support industry clusters or that support the state's major industry (that being agricultural based activities and farming) and that provide wages and salaries that provide workers with discretionary income as well as affordable benefits (i.e., health insurance, retirement programs) are likely to receive more favorable consideration than proposals that perpetuate low paying jobs without benefits.

The goals for the 2004-2005 program are as follows:

ECONOMIC DEVELOPMENT Activity	Estimated Number of Awards	Estimated Amount to be awarded	Estimated Beneficiaries	
			Total	LMI
Loans to Businesses	20	\$10 million	1,000	510

Public Facilities For Economic Development



The objectives and strategies for Commerce's administration of the PFED program are to assist local government in infrastructure financing that expands employment opportunities for LMI persons in the community and that increases the municipality's tax base. The amount of PFED funds Commerce can award to an applicant is up to \$750,000; the maximum job cost being \$10,000 per job created or retained. As in the past, the Department will base the funding level for projects on business location (i.e., high unemployment areas, development zones), businesses types, wages, fringe benefits, and other related considerations. Because of labor market considerations and changing economies, Commerce will take into account those variables that contribute to increased job quality or that provide for expanded economic opportunity for LMI persons.

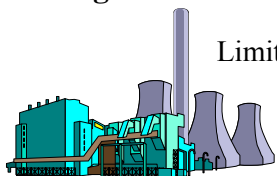
Funding for the PFED program will be derived from both the state's annual CDBG allocation and program income received from local units of government in the form of ED loan repayments or the return of unused CDBG funds. Commerce may allocate up to 20 percent of its annual allocation of non-housing CDBG funds for PFED activities.

Projects to be assisted with PFED funds include the installation or expansion of water and sewer to an enlarging industrial park, utilities including telecommunication services, street improvements, increase of water storage capacity for sprinkler and fire protection services, and related projects that allow for economic opportunity in the form of job creation, retention and/or upgrading for area residents. Commerce will continue to require a 25 percent local government match and new private investment that is at least equal to the PFED investment in the project. Commerce expects most projects assisted with PFED funds to meet the **National Objective** of benefiting LMI persons.

Program goals for the coming year are as follows:

PUBLIC FACILITIES FOR ECONOMIC DEVELOPMENT Activity	Estimated Number of Awards	Estimated Amount to be awarded	Estimated Beneficiaries	
			Total	LMI
Infrastructure Development	12	\$2.5 million	500	251

Blight Elimination and Brownfield Redevelopment (BEBR)



Limited activity is projected for the BEBR program due to the limited number of projects in the Small Cities category that meet all of the program criteria. The Department's state funded Brownfield redevelopment program is able to fund most projects presented to the Department. Should activity continue to be limited for the BEBR program, funds earmarked for BEBR will then be reallocated to the other CDBG programs

administered by the Department. There will be continued coordination with Commerce's state-funded \$10 million Brownfield redevelopment program in an effort to more effectively utilize the limited resources of both programs. BEBR fund will continue to be available for site planning and for demolition to the extent that it results in blight elimination and redevelopment of the site for a taxable use.

The CDBG/BEBR program will continue to provide funding for site assessment and remediation activities. Commerce will target funding to those projects that have had Phase I and II studies, and that have developer commitments to the extent possible for the given situation. The two major objectives of the program are to make idle parcels productive, and to increase local tax base. Commerce will continue to give consideration to the readiness of the proposed redevelopment to proceed, and to the likelihood of resulting economic development or retention.

The **National Objective** addressed by BEBR is primarily Slum and Blight Elimination. Assessment projects will be eligible for up to \$100,000 of BEBR funds and remediation projects will be eligible for up to \$500,000 or a total of \$600,000 per site. Given the nature of Brownfield redevelopment, most projects are expected to leverage substantial public and private resources.

BEBR program goals for the coming year are the following:

BLIGHT ELIMINATION AND BROWNFIELD REDEVELOPMENT Activity	Estimated Number of Awards	Estimated Amount to be awarded	Estimated Beneficiaries	
			Total	LMI
Assessments	2	\$.1 million	N/A	N/A
Remediation	2	\$.75 million	75	38

Emergency Assistance Program



Commerce will continue the option to use funds from its annual HUD allocation for emergency grant purposes, specifically to respond to urgent needs, and in particular to damaged public facilities that need immediate attention. Up to 5%—approximately \$1.1 million—may be used for emergency grants. Prior program year allocations for Emergency Assistance have been less than \$500,000. It is hoped that no funds will be needed for emergency purposes. The need being assisted must have resulted from a natural disaster or other catastrophic event. The **National Objective** addressed through the Emergency Assistance Program will be Urgent Local Needs.

• Disaster Assistance Relief Program – Special Allocation

Commerce will continue the closing out of \$3.4 million CDBG Disaster Relief grants awarded in 1998. Counties assisted include Rock, Milwaukee and Waukesha. Communities assisted include the Village of Cedar Grove and the City of Sheboygan, both in Sheboygan County and the Township of Waterford in Racine County. Funds were used for engineering, the repair of infrastructure that still needs attention and for flood mitigation projects.

No future special allocations from HUD for disaster relief are expected. The Federal Emergency Management Administration (FEMA) has been assigned the handling of all federal emergency relief programs. Commerce is expected to close out its 1998 special allocation grant by the first quarter of the 2004-2005 program year, and there will be no further activity related to federally assisted disaster relief.

CDBG Planning Grants



The Department will continue its successful “project specific” planning grant program. These grants are designed to respond specifically to major local economic or community development proposals or to unexpected economic developments that negatively impact on the community.

PLANNING	Estimated Number of Awards	Estimated Amount to be awarded	Estimated Beneficiaries
			May address National Objectives other than LMI
Plans	15	\$350,000	CDBG Eligible Activities

Technical Assistance

Funding for Technical Assistance, as well as other TA initiatives, will come from the 1 percent of CDBG funds available from the state’s annual CDBG allocation for TA purposes. Funds may be taken from any “open” CDBG contract the state has with HUD, meaning that funding may be from grant years prior to the state’s 2003 CDBG allocation.

Other objectives proposed for the 1% TA funds include: maximizing the utilization of CDBG funds at the local government level; including repaid CDBG-ED loan funds; maintaining compliance with CDBG program regulations; expanding CDBG program participation; and working with local officials to further leverage other resources for local needs. The strategies to be employed in meeting these objectives include the following:

- Continue technical assistance to Revolving Loan Fund (RLF) administrators, particularly in the areas of financial record keeping, program design, loan application review, underwriting, documentation and servicing, and portfolio management.
- Collaboration with local RLF program administrators, to help develop loan servicing systems to track loan repayments and to ensure the timely updating of security instruments;

- Counsel RLF administrators on marketing, networking with other lenders in the community, establishing relationships with start-up enterprises, women-owned and/or minority businesses, and coordinating with other economic development initiatives, such as enterprise and development zone programs;
- Assist CDBG grant administrators in reporting and compliance requirements—particularly in regard to Section 3 requirements—affirmatively furthering fair housing, survey design, and citizen participation practices;
- Provide one-on-one technical assistance to local officials on CDBG program design and application preparation;
- Assist local officials in completing progress and closeout program reports in a timely manner, as well as completing wage rate reports, environmental reviews and compliance reports.

Commerce staff will accomplish these initiatives through on-site visits, training seminars and workshops, and through the preparation and distribution of guidance and instructional materials including an extensive use of the webpage and email system.

Based on the level of technical assistance provided in the past, Commerce expects to make approximately 2,000 technical assistance contacts in 2004-2005. These contacts include training sessions, program guidance materials, and presentations at council, committee, commission or other meetings where attendees are interested in learning more about CDBG, RLFs, and related issues.

METHOD OF DISTRIBUTION

The table that follows illustrates the methods by which federal and state funds, including program income, will be distributed in 2004-2005 by Commerce.

FEDERAL RESOURCES—NON HOUSING COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

CDBG Funds	Method & Frequency of Distribution
<i>Public Facilities</i>	Applications reviewed/funded on a continual basis
<i>Economic Development</i>	Applications reviewed/funded on a continual basis
<i>Public Facilities for Economic Development</i>	Applications reviewed/funded on a continual basis
<i>Blight Elimination and Brownfield Redevelopment</i>	Applications reviewed/funded on a continual basis
<i>Planning Grant Program</i>	Applications reviewed/funded on a continual basis
<i>Emergency Assistance Program</i>	Applications reviewed/funded on a continuous basis

Allocation of CDBG Resources—Community Development and Economic Development

Commerce expects to allocate its funds for its various programs within the following parameters:

Program Category	Percentage of Allocation	Projected Total Awards
Public Facilities	Up to 75%	\$7 million
Economic Development	Up to 75%	10 million
Public Facilities for Economic Development	Up to 20% (plus program income)	2.5 million
Blight Elimination & Brownfield Redevelopment	Up to 10%	1.75 million
Planning Grants	Up to 10%	350,000
Emergency Grants	Up to 5%	1.1 million
Technical Assistance	Up to 1%	350,000

The maximum grant size limits for each of the programs are as follows:

Program Category	Maximum Grant
Public Facilities	\$750,000
Economic Development	1,000,000 *
Public Facilities for Economic Development	750,000
Blight Elimination & Brownfield Redevelopment	100,000 (assessment) 500,000 (remediation)
Planning Grants	25,000
Emergency Grants	500,000

*unless Rapid Response criteria met, then these limits can be waived in areas of high distress

Commerce will continue to employ a “pre-application” process (called a Project Proposal) with the PF program to provide counsel and guidance to applicants before expending time and money preparing a final application. Both the PFED and ED programs will retain a “pre-application” form and involve meetings with interested applicants for application guidance.

GEOGRAPHIC DISTRIBUTION

This section describes geographic limitations that apply to Commerce's CDBG program.

Commerce does not typically award CDBG funds in entitlement communities that receive CDBG funds from HUD directly. The communities that are excluded are: the cities of Appleton, Beloit, Eau Claire, Fond du Lac, Green Bay, Janesville, Kenosha, La Crosse, Madison, Milwaukee, Neenah, Oshkosh, Racine, Sheboygan, Superior, Waukesha, Wausau, Wauwatosa, West Allis, and the counties of Dane (most municipalities outside of Madison), Milwaukee and Waukesha. Only in cases where a project can document a countywide impact or a statewide or regional impact would CDBG funds be used in entitlement areas.

The State does not use a geographic distribution plan for CDBG. Applications are reviewed and funded regardless of location in the eligible areas of the state. However, the "Grow Wisconsin" initiative directs that the State invest its efforts and resources to those projects and areas that will have a significant impact or make a substantial contribution to enhancing the overall economic well-being of the State.

INTER-AGENCY & PROGRAM COORDINATION

Commerce will work closely with applicants in identifying complementary funding resources. By helping applicants utilize other available funds to the extent possible, Commerce will achieve the goal of limiting the Department's participation in projects resulting in funding more applications. One way of accomplishing this will be for Commerce to continue to participate in the Inter-Agency Funding Resources Committee, a committee of agencies that address clean water issues. The Resource Committee involvement ensures the maximum utilization of all resources for local governments, as well as providing local governments information on the most appropriate sources of funding for specific projects.

Another inter-agency committee program staff participate in is Emergency Government Disaster Relief Committee. This committee includes representation from several state agencies and the Federal Emergency Management Administration. The committee is charged with maintaining a service delivery system that ensures a coordinated response to disasters, as well as the coordinated delivery of emergency relief assistance.

Program coordination also involves working with professional organizations whose membership may provide complementary services or whose clients are applicants for CDBG funds.

In addition to inter-agency coordination, Commerce, in its administration of the CDBG program, is cognizant of the State's "Smart Growth" legislation passed in November of 1999. In the CDBG Planning Grant Program, applicants are required to address how the proposed plan relates to any Smart Growth Planning done to date in its community. The efforts of the Department through the Planning Grant program to encourage local governments to complement Smart Growth Planning efforts is anticipated to lead to better coordination of housing, economic growth, land-use, and transportation to name a few. Smart Growth requires all aspects of planning, including housing, community, and economic development, be analyzed in accordance with other local level planning. Matching grants to develop comprehensive plans under Smart Growth are awarded annually from the State Office of Land Information Services.

Wisconsin's planning law requires that a local Comprehensive Plan include a housing element. The comprehensive planning process necessitates that local governments analyze the impact of the policies

and regulations of the local government on the development of various types of housing. According to Wisconsin State Statute 66.0295(2)(b), the requirements for a housing element are:

A compilation of objectives, policies, goals, maps and programs of the local governmental unit to provide an adequate supply that meets existing and forecasted housing demand in the local governmental unit. The element shall assess the age, structural value, and occupancy characteristics of the local governmental unit's housing stock. The element shall also identify specific policies and programs that promote the development of housing for residents of the local governmental unit providing a wide range of housing choices that meet the needs of persons of all income levels, age groups, and special needs, and policies and programs that promote the availability of land for the development or redevelopment of low-income and moderate-income housing, and policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock. Proposals for Public Facilities funds to provide infrastructure that serves existing or new low and moderate-income housing are likely to receive more favorable reviews.

Developing Institutional Structure for Program “Marketing”

The Department of Commerce has determined that an adequate institutional structure is in place for its non-housing CDBG programs. The Department of Commerce's training and technical assistance initiatives will continue to strengthen local governments' abilities to carry out their programs.

Commerce's ongoing liaison with the American Council of Consulting Engineers as well as planned program initiatives helps ensure that local government officials are informed regarding infrastructure engineering practices and professional services procurement. Furthermore, Commerce's Area Development Manager Program helps provide comprehensive technical assistance services in the area of economic development, specifically as it relates to business development, job creation, and training opportunities for low and moderate income persons.

MONITORING

Commerce's practice is to monitor each subrecipient of non-housing funds at least once during the term of its contract. Monitoring may be on-site or through the submission of a self-monitoring checklist and supporting documentation, whichever is deemed appropriate or necessary for the subrecipient. Monitoring visits serve purposes that extend beyond verifying compliance with CDBG contract terms and conditions, as well as compliance with the program's governing federal and state regulations. Following are Department policies and practices in regard to CDBG monitoring.

- A. Self-monitoring is used with most recipients and is sufficient in those situations where:
 - The recipient has demonstrated experience in administering a CDBG grant;
 - Financial and program progress reports do not indicate problems; and
 - Other variables—such as project size, the federal CDBG compliance provisions invoked, and the quality of additional documentation sent in with the self-monitoring checklist—strongly suggests or verifies compliance with all federal and state CDBG program regulations.
- B. On-site monitoring is scheduled with the subrecipients and they are notified of the records and files to be examined.
- C. A project site visit to verify data and information found in the files and to become more familiar with project impacts may be combined with the monitoring visit.
- D. Department program representative's schedule and conduct monitoring for the projects assigned to them. Typically, the representatives were also involved in drafting the CDBG contract and therefore are the most familiar with the subrecipient and the project.
- E. Department management attempts to minimize the number of different CDBG program representatives assigned to a community to prevent confusion for local officials.
- F. Program representatives may also involve the expertise of CDBG compliance specialists (i.e., Davis-Bacon, Environmental Reviews, Acquisition and Relocation, Equal Opportunity) either during the visit or as part of the follow-up to a visit.
- G. Letters summarizing the monitoring visit are sent to the subrecipients within 30 days of the visit. If the letters require a response, the responses are tracked and closure letters are sent when findings are addressed adequately.
- H. Monitoring correspondence is maintained in the project files in Commerce and at the local level.
- I. When monitoring, the program representative will provide limited technical assistance to help correct problems, provide guidance in addressing difficult situations, as well as recommend actions that achieve greater efficiencies and effectiveness. When technical assistance needs are greater than what the representative can provide in regarding time and expertise, the Department's technical assistance staff will be consulted and asked to provide the appropriate in-depth assistance.
- J. The overall philosophy of a monitoring visit by program representatives is to work with and assist the subrecipient in the implementation and closeout of the assisted project. In this regard, Department staff will attempt to successfully address deficiencies during a visit.

Minority and Women Business Outreach

Commerce follows the following policies and procedures to meet the requirements for minority (MBE) and women's (WBE) business enterprise participation in its CDBG programs.

A. MBE/WBE Outreach Policy

1. It is the ongoing policy of Commerce and the State of Wisconsin to make positive efforts to use MBE/WBE sources of supplies and services and to assure that these businesses will have the maximum feasible opportunity to compete for contracts or subcontracts supported by federal and/or state funds.
2. This policy is carried out under the guidance of the Bureau of Minority Business located within Commerce as well as in coordination with various other initiatives that are part of the many forms of economic development assistance offered by the Department.

B. State MBE/WBE Outreach Activities.

1. The State offers a wide range of activities and assistance for WBEs and MBEs and for potential users of the services these businesses provide. The State promotes WBEs and MBEs through training and technical assistance; directories, handbooks, brochures, financial and management assistance programs and certification and marketplace programs. Through such efforts, WBEs and MBEs are strengthened and are better able to compete for state- and federally funded projects and contracting opportunities. In some instances, additional incentives are given to those who use the services of these businesses (e.g., an applicant for state or federal funding may earn additional points on an application if it demonstrates prior usage of WBE or MBE services).
2. The State also requires that recipients of its state or federal pass-through funds take affirmative steps to promote WBE and MBE utilization. This policy is evidenced by specific language in the contracts with its local sponsors. Each local sponsor, through reports and monitoring, must demonstrate its compliance with this contract provision.

C. Local MBE/WBE Outreach Activities

1. Each local sponsor must maintain the appropriate records to document the numbers and types of contracts and subcontracts it awards (whether for construction, supplies, or services), the dollar value of each award, and the gender and ethnic/racial status of the management/ ownership of the business.
2. Specific actions a local sponsor may take to promote the use of MBEs and WBEs include:
 - a. Develop and maintain a reference file of MBEs and WBEs, including the type of work performed that are routinely sent invitations to bid or requests for proposals.
 - b. Develop a strategy to promote the use of MBEs and WBEs in its programs. Include ways to encourage such use by contractors.
 - c. Develop a procurement policy, which provides that, where possible, contracts for work or supplies are obtained from MBEs or WBEs.
 - d. Maintain a log of follow-up phone contacts and personal visits to MBEs and WBEs.

D. State Assessment of Local Outreach Efforts

1. Assessment of local compliance with MBE/WBE outreach procedures will be accomplished by reviewing their MBE/WBE activity reports and conducting on-site monitoring visits. Evidence of newspaper notices, bid specification mailings, local procurement policies, local contracts and log sheets will be reviewed and monitored by DHIR.
2. The State requires local sponsors of funds to complete periodic written reports on their MBE/WBE outreach results in time to include the data in its reports to HUD.

APPENDIX A: DEPARTMENT OF COMMERCE
CDBG HOUSING ADMINISTRATIVE RULE

APPENDIX B: CERTIFICATIONS
DEPARTMENT OF COMMERCE

APPENDIX C: RISK EVALUATION FOR GRANTEE MONITORING
FOR THE HOMELESS, HOME AND CDBG,
CDBG – EAP PROGRAMS AND LHOG

APPENDIX D: PERCENT OF HOMES BUILT PRIOR TO 1950

APPENDIX E: LEAD BASED PAINT
CONTRACTORS AND COMMUNITIES

APPENDIX F: POPULATION DENSITY
BY CENSUS BLOCK GROUP

APPENDIX G: APPLICATION DOCUMENTS –
ANNUAL HOUSING COMPETITION,
SPECIAL PROJECT SETASIDE AND
EMERGENCY ASSISTANCE PROGRAM

APPENDIX H: WISCONSIN SERVICE POINT – FRONT DOOR

APPENDIX I: CDBG HOUSING REGIONS